



PROCEEDINGS OF THE ELEVENTH ANNUAL ACQUISITION RESEARCH SYMPOSIUM

THURSDAY SESSIONS VOLUME II

Defense Contracting Trends by Platform Portfolio

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Published April 30, 2014

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Prepared for the Naval Postgraduate School, Monterey, CA 93943.



ACQUISITION RESEARCH PROGRAM
GRADUATE SCHOOL OF BUSINESS & PUBLIC POLICY
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Report Documentation Page				Form Approved OMB No. 0704-0188	
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1. REPORT DATE 30 APR 2014		2. REPORT TYPE		3. DATES COVERED 00-00-2014 to 00-00-2014	
4. TITLE AND SUBTITLE Defense Contracting Trends by Platform Portfolio				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Center for Strategic & International Studies, 1616 Rhode Island Avenue, NW, Washington, DC, 20036				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT This presentation provides an overview from the Center for Strategic and International Studies (CSIS) of the U.S. defense industrial base from the perspective of contract obligations by the U.S. Department of Defense (DoD). It draws on data, charts, and analysis from current and existing CSIS projects and reports, and it represents a work in progress.					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT Same as Report (SAR)	18. NUMBER OF PAGES 46	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

The research presented in this report was supported by the Acquisition Research Program of the Graduate School of Business & Public Policy at the Naval Postgraduate School.

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Panel 14. Trends and Risks in the Global Industrial Base

Thursday, May 15, 2014	
11:15 a.m. – 12:45 p.m.	<p>Chair: John Birkler, Senior Fellow, Manager, Maritime Programs, RAND Corporation</p> <p><i>Defense Contracting Trends by Platform Portfolio</i> David Berteau, Center for Strategic & International Studies Rhys McCormick, Center for Strategic & International Studies Gregory Sanders, Center for Strategic & International Studies</p> <p><i>The Case for the Development of a Theoretical Framework for Defence Acquisition</i> Kevin Burgess, Cranfield University Thomas Ekström, The Swedish National Defence College</p> <p><i>Identifying and Mitigating Industrial Base Risk for the DoD: Results of a Pilot Study</i> Sally Sleeper, OUSD(AT&L) Manufacturing and Industrial Base Policy Gene Warner, OUSD(AT&L) Manufacturing and Industrial Base Policy John Starns, Northrop Grumman Inc.</p>



Defense Contracting Trends by Platform Portfolio

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Rhys McCormick—Center for Strategic & International Studies

Gregory Sanders—Center for Strategic & International Studies

Abstract

This presentation provides an overview from the Center for Strategic and International Studies (CSIS) of the U.S. defense industrial base from the perspective of contract obligations by the U.S. Department of Defense (DoD). It draws on data, charts, and analysis from current and existing CSIS projects and reports, and it represents a work in progress.

Introduction

This presentation, with notes, is submitted to the Naval Postgraduate School for the proceedings of the 11th Annual Acquisition Research Symposium. The charts contained herein may be updated or modified for actual presentation at the symposium. As is true for all CSIS analysis, the views represented in this presentation are those of the project team, not CSIS as an institution.

This analysis covers the period from 2000–2013. For the purpose of this analysis, all years are discussed are fiscal years, and all dollar figures are in constant 2013 billions. See the Methodology section for more details.

This presentation provides CSIS analysis of three aspects of the defense industrial base:

- Platform Portfolio (Overall and by component)
- Contract Obligations by Defense Component
- Platform Portfolio Competition by Product or Service Category



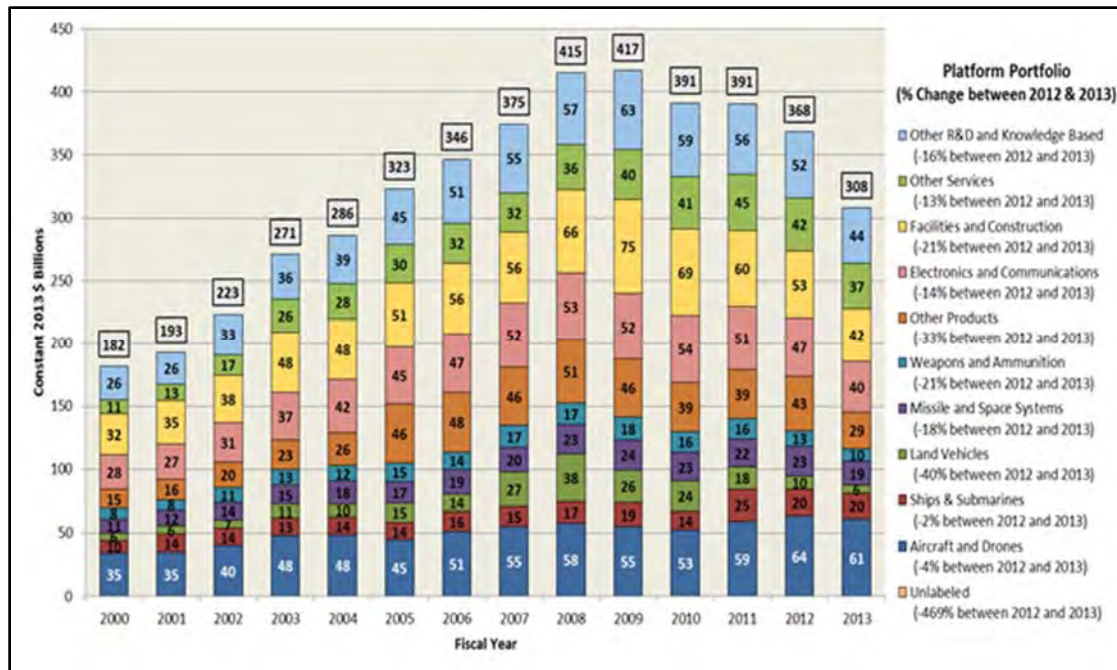


Figure 1. Defense Contract Obligations by Platform, 2000–2013

(Source: Federal Procurement Data System; CSIS analysis)

This chart breaks down Defense contract obligations by Platform Portfolio from 2000–2013. The left hand axis shows total contract obligations for each platform portfolio in constant 2013 billions of dollars. The gray box above each column contains total Defense contract obligations for that year. This chart breaks out overall Defense contracts into the following platform portfolios:

- Aircraft and Drones
- Ships and Submarines
- Land Vehicles
- Missile and Space Systems
- Weapons and Ammunition
- Other Products
- Electronics and Communications (includes products and services)
- Facilities and Construction (includes products and services)
- Other Services
- Other R&D and Knowledge Based
- Unlabeled (Contracts that cannot be classified due to either missing or contradictory information)

Note: These portfolios were created by the CSIS team for the purposes of this analysis. As the data and the analysis proceeds, the portfolio definitions and content may be modified. For more information on the methodology used to create these portfolios, please see the Methodology section.

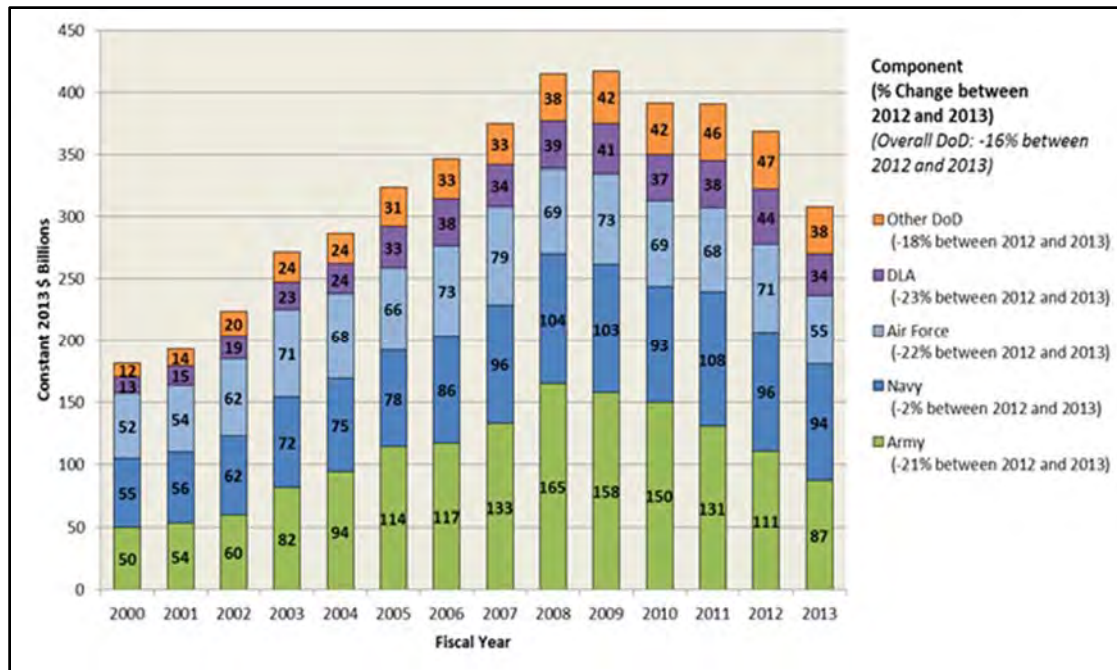


Figure 2. Defense Contract Obligations by Component, 2000–2013

(Source: Federal Procurement Data System; CSIS analysis)

This chart breaks down defense contract obligations by major DoD component: Army, Navy, Air Force, Defense Logistics Agency (DLA), and “Other DoD.” “Other DoD” is a category that includes all contracting entities within the DoD that are not included in the other four components such as the Missile Defense Agency (MDA), TRICARE, and U.S. Transportation Command (USTRANSCOM).

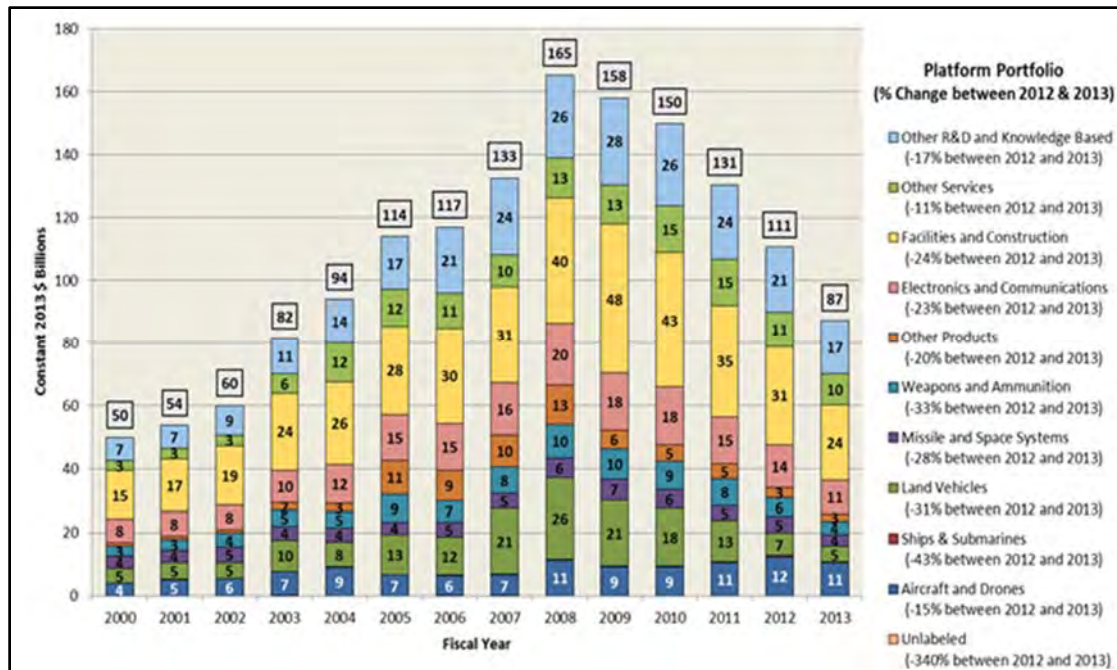


Figure 3. Army Contract Obligations by Platform Portfolio, 2000–2013
(Source: Federal Procurement Data System; CSIS analysis)

This chart breaks down Army contract obligations by Platform Portfolio from 2000–2013. The left hand axis shows total contract obligations for each platform portfolio in constant 2013 billions of dollars. The gray box above each column contains total Army contract obligations for that year. This chart breaks out Army contracts into the following platform portfolios:

- Aircraft and Drones
- Ships and Submarines
- Land Vehicles
- Missile and Space Systems
- Weapons and Ammunition
- Other Products
- Electronics and Communications
- Facilities and Construction
- Other Services
- Other R&D and Knowledge Based
- Unlabeled

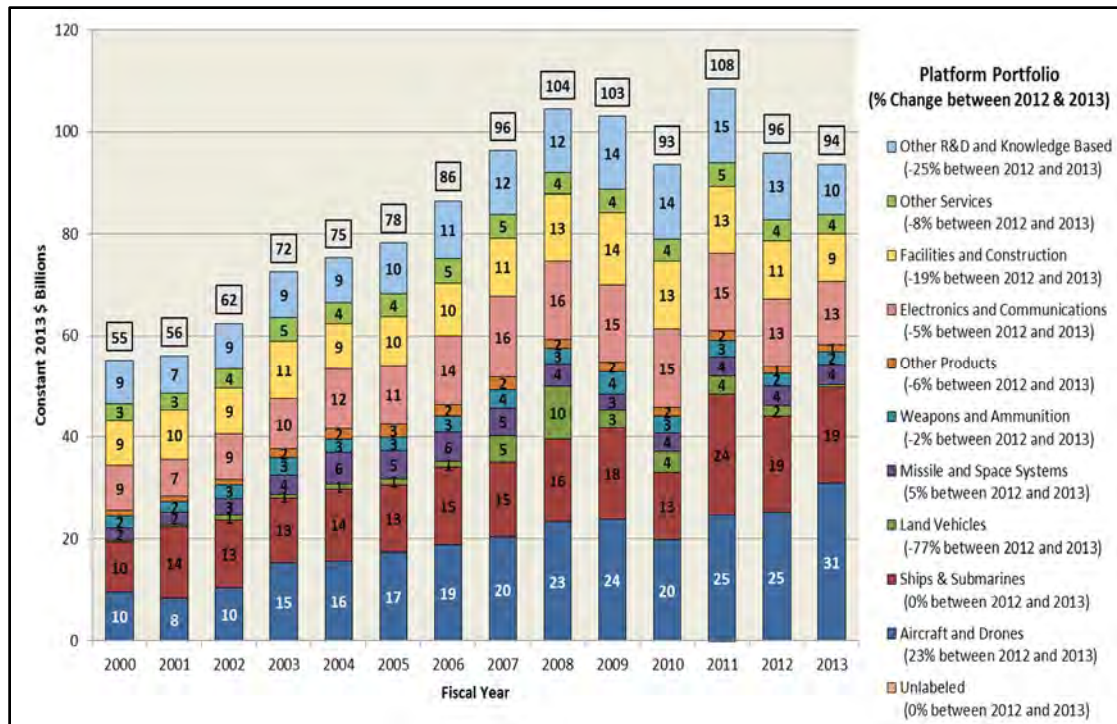


Figure 4. Navy Contract Obligations by Platform Portfolio, 2000–2013
(Source: Federal Procurement Data System; CSIS analysis)

This chart breaks down Navy contract obligations by Platform Portfolio from 2000–2013. The left hand axis shows total contract obligations for each platform portfolio in constant 2013 billions of dollars. The gray box above each column contains total Navy contract obligations for that year. This chart breaks out overall Navy contracts into the following platform portfolios:

- Aircraft and Drones
- Ships and Submarines
- Land Vehicles
- Missile and Space Systems
- Weapons and Ammunition
- Other Products
- Electronics and Communications
- Facilities and Construction
- Other Services
- Other R&D and Knowledge Based
- Unlabeled

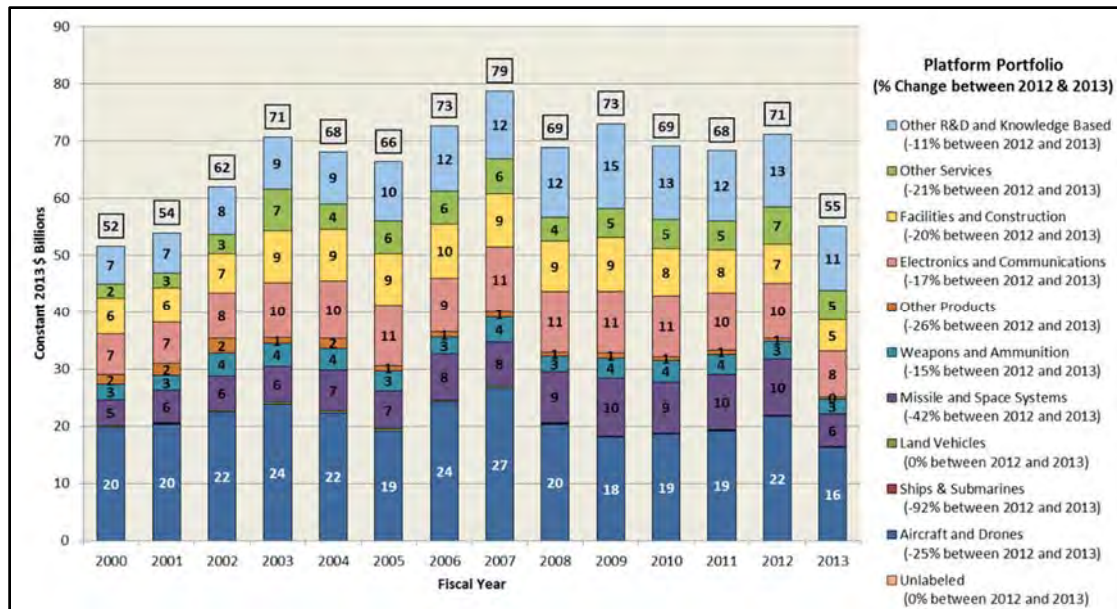


Figure 5. Air Force Contract Obligations by Platform Portfolio, 2000–2013
(Source: Federal Procurement Data System; CSIS analysis)

This chart breaks down Air Force contract obligations by Platform Portfolio from 2000–2013. The left hand axis shows total contract obligations for each platform portfolio in constant 2013 billions of dollars. The gray box above each column contains total Air Force contract obligations for that year. This chart breaks out Air Force contracts into the following platform portfolios:

- Aircraft and Drones
- Ships and Submarines
- Land Vehicles
- Missile and Space Systems
- Weapons and Ammunition
- Other Products
- Electronics and Communications
- Facilities and Construction
- Other Services
- Other R&D and Knowledge Based
- Unlabeled

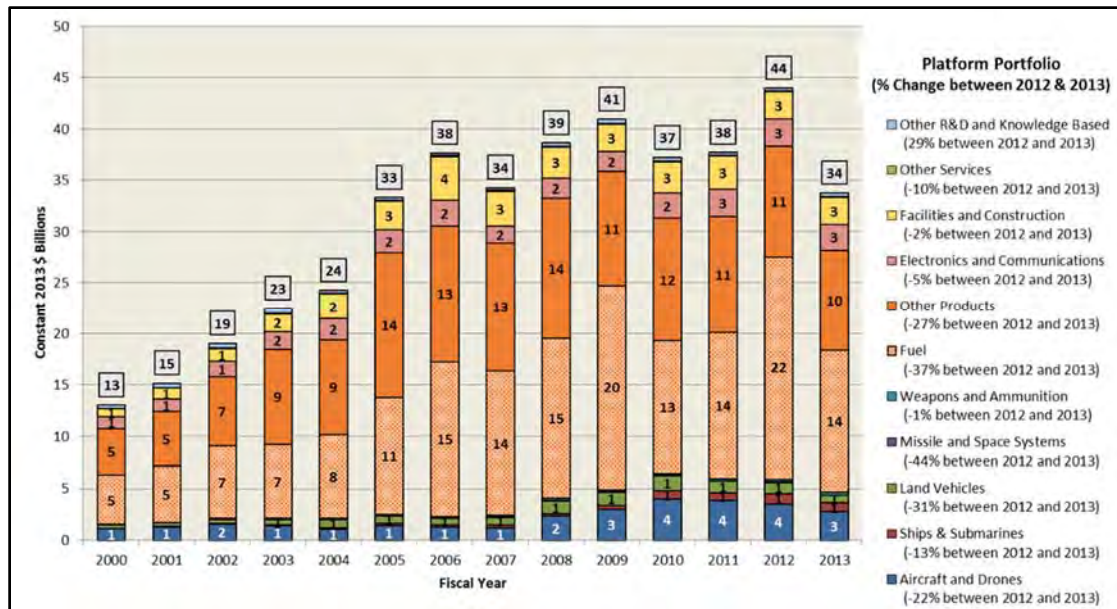


Figure 6. DLA Contract Obligations by Platform Portfolio, 2000–2013
(Source: Federal Procurement Data System; CSIS analysis)

This chart shows Defense Logistics Agency obligations by Platform Portfolio from 2000–2013. The left hand axis shows total contract obligations for each platform portfolio in constant 2013 billions of dollars. The gray box above each column contains total DLA contract obligations for that year. This chart breaks out Defense Logistics Agency contracts into the following platform portfolios:

- Aircraft and Drones
- Ships and Submarines
- Land Vehicles
- Missile and Space Systems
- Weapons and Ammunition
- Other Products
- Fuels
- Electronics and Communications
- Facilities and Construction
- Other Services
- Other R&D and Knowledge Based

Fuels has been broken from the portfolio category of “Other Products” for this DLA chart only, because of its importance in DLA contracts. “Unlabeled” was removed from this DLA chart only, because the total sum of unlabeled contracts was inconsequential from 2000-2013.

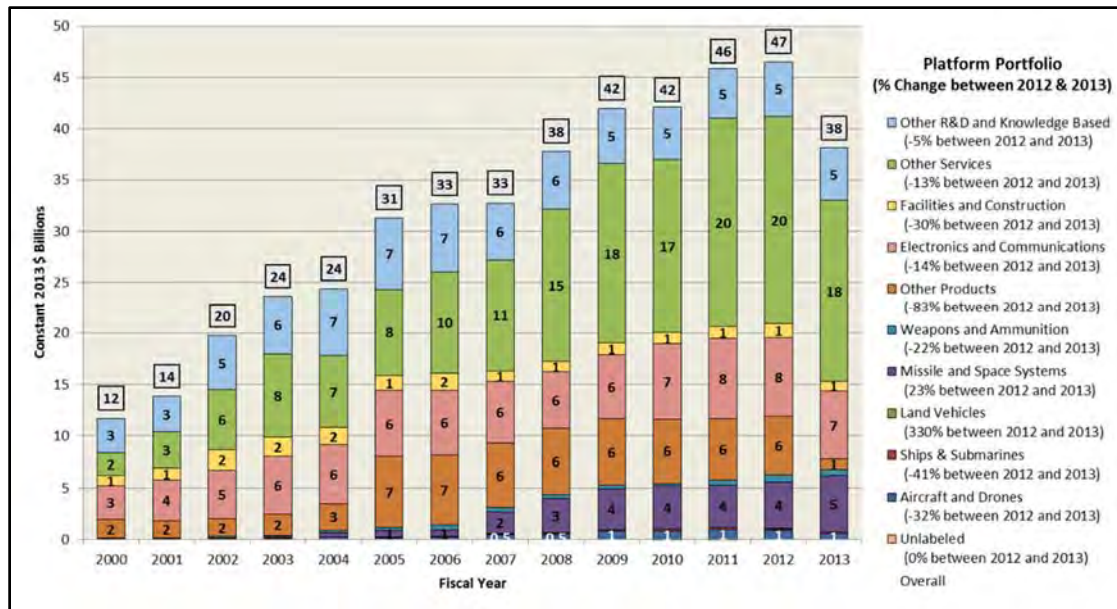


Figure 7. “Other DoD” Contract Obligations by Platform Portfolio, 2000–2013
(Source: Federal Procurement Data System; CSIS analysis)

This chart breaks down “Other DoD” contract obligations by Platform Portfolio from 2000–2013. “Other DoD” includes all other DoD components, such as the Missile Defense Agency, TRICARE and USTRANSCOM. The left hand axis shows total contract obligations for each platform portfolio in constant 2013 billions of dollars. The gray box above each column contains total “Other DoD” contract obligations for that year. This chart breaks out “Other DoD” contracts into the following platform portfolios:

- Aircraft and Drones
- Ships and Submarines
- Land Vehicles
- Missile and Space Systems
- Weapons and Ammunition
- Other Products
- Electronics and Communications
- Facilities and Construction
- Other Services
- Other R&D and Knowledge Based
- Unlabeled

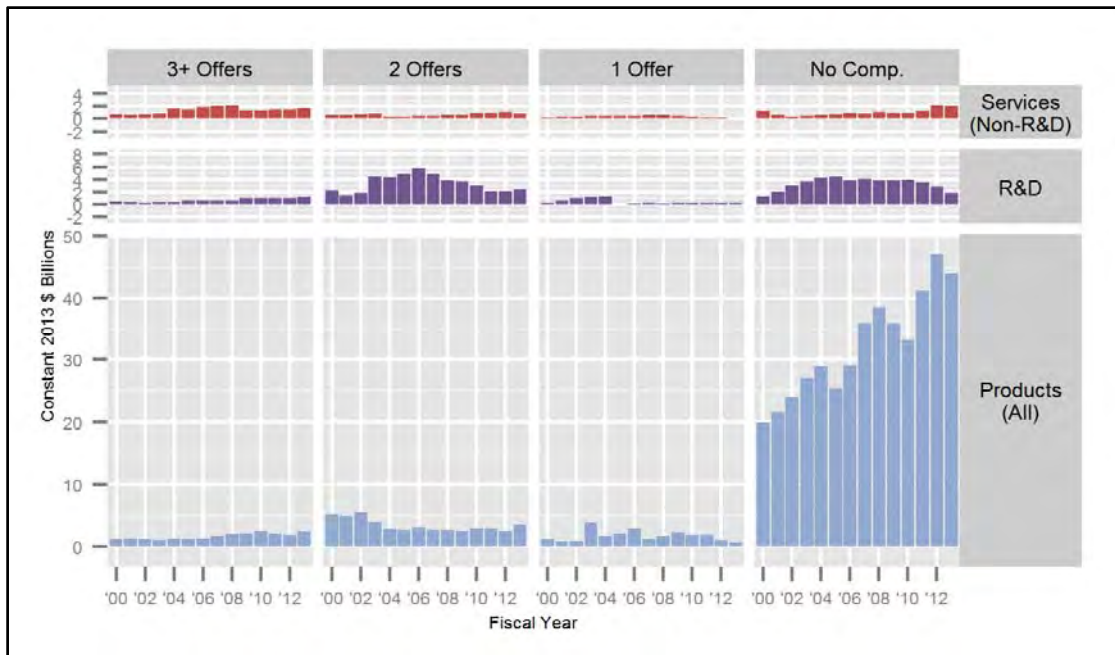


Figure 8. Aircraft and Drones Contract Obligations by Competition, by Product or Service Category, 2000–2013

(Source: Federal Procurement Data System; CSIS analysis)

The next four charts (Figures 8–11) represent examples of contract competition data for selected Platform Portfolio categories. The CSIS team selected Aircraft and Drones, Ships and Submarines, Missile and Space Systems, and Electronics and Communications for their size and composition of contract types. In addition, these portfolios represent sectors where there has been competitive concerns since industry consolidation in the 1990s.

The taxonomy for CSIS categorization of competition can be found in the appendix.

This chart (Figure 8) breaks down Aircraft and Drones contract obligations by competition by Product or Service Categories (PSC). The right side of the chart shows the separation of the Aircraft and Drone platform portfolio into their Product or Service Category. The Top line shows the five different competition categories based on the number of offers received. The left hand of chart shows the sum total of contract obligations in each PSC in constant 2013 billions of dollars. Please note, the scale for each PSC is different, depending on the relative size of the PSC compared to the other PSCs within the platform portfolio.

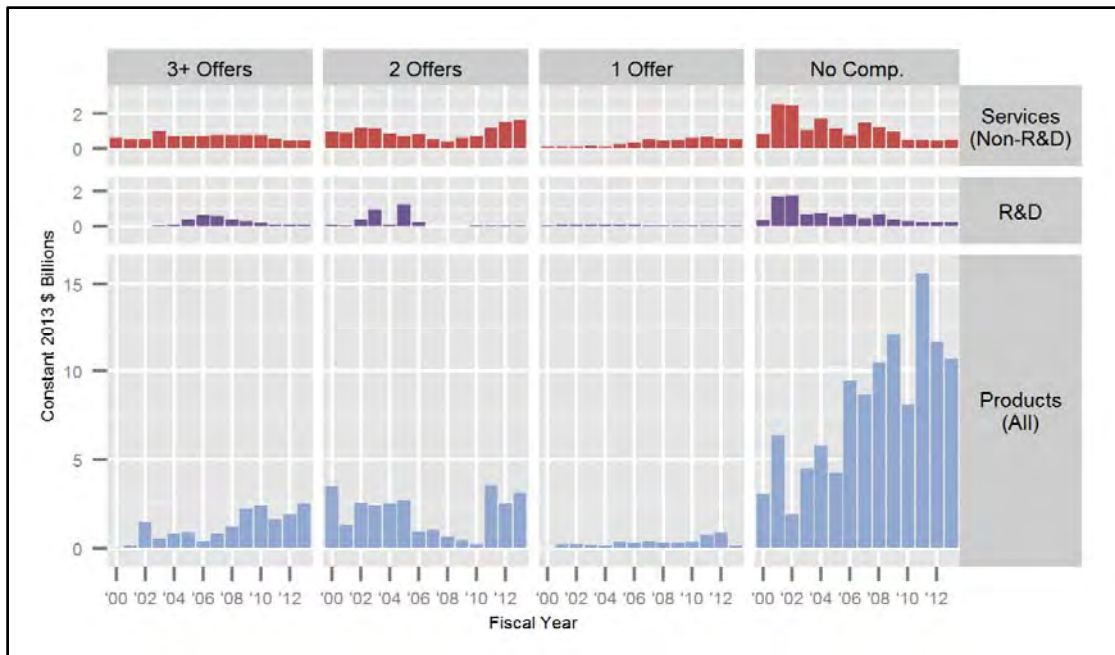


Figure 9. Ships and Submarines Contract Obligations by Competition, by Product or Service Category, 2000–2013

(Source: Federal Procurement Data System; CSIS analysis)

This chart breaks down Ships and Submarines platform portfolio contract obligations by competition by Product or Service Categories (PSC). The right side of the charts shows the separation of the Ships and Submarines platform portfolio into their Product or Service Category. The Top line shows the five different competition categories based on the number of offers received. The left hand of chart shows the sum total of contract obligations in each PSC in constant 2013 billions of dollars. Please note, the scale for each PSC is different, depending on the relative size of the PSC compared to the other PSCs within the platform portfolio.

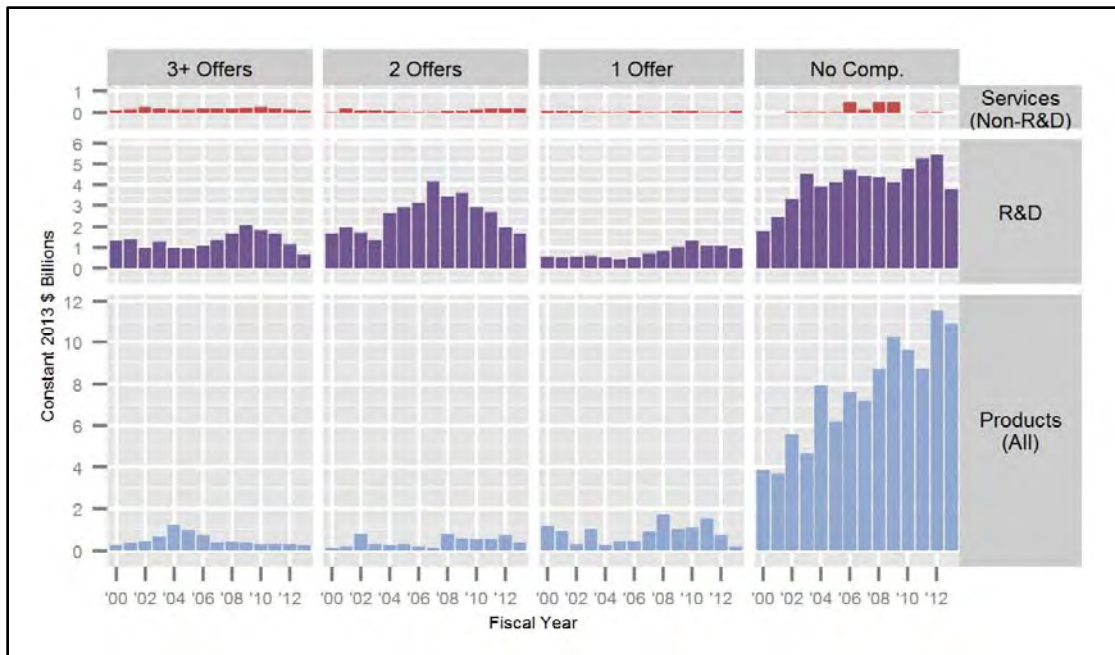


Figure 10. Missile and Space Systems Contract Obligations by Competition, by Product or Service Category, 2000–2013

(Source: Federal Procurement Data System; CSIS analysis)

This chart breaks down Missile and Space Systems platform portfolio contract obligations by competition by Product or Service Categories (PSC). The right side of the charts shows the separation of the Missile and Space Systems platform portfolio into their Product or Service Category. The Top line shows the five different competition categories based on the number of offers received. The left hand of chart shows the sum total of contract obligations in each PSC in constant 2013 billions of dollars. Please note, the scale for each PSC is different, depending on the relative size of the PSCs compared to the other PSCs within the platform portfolio.

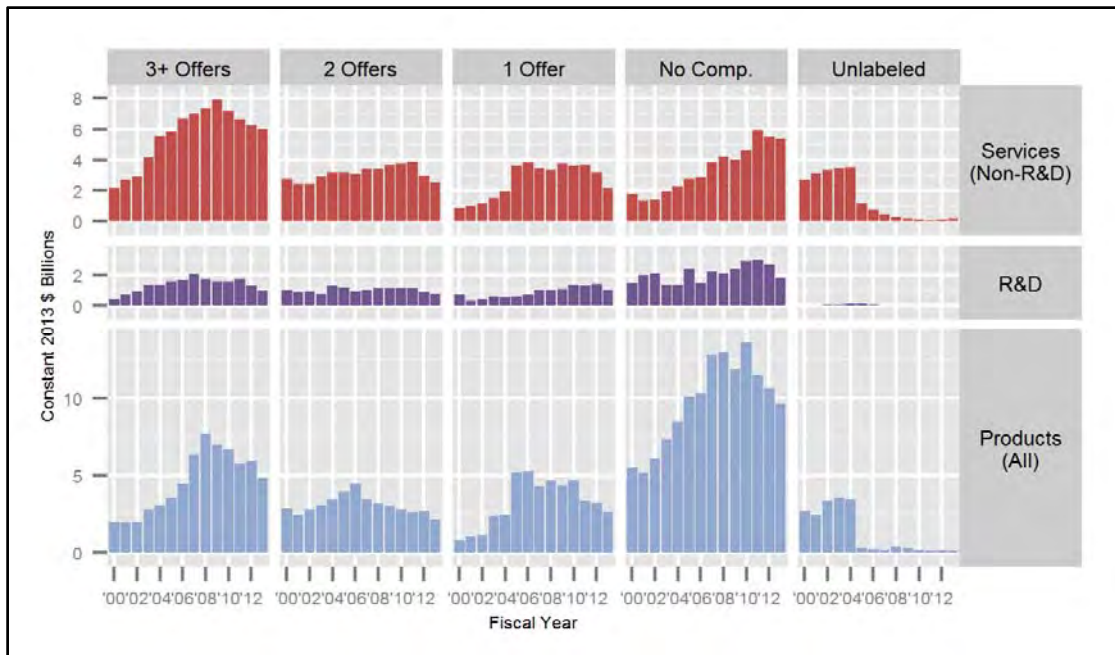


Figure 11. Electronics and Communications Contract Obligations by Competition, by Product or Service Category, 2000–2013

(Source: Federal Procurement Data System; CSIS analysis)

This chart breaks down Electronics and Communications platform portfolio contract obligations by competition by Product or Service Categories (PSC). The right side of the charts shows the separation of the Electronics and Communications platform portfolio into their Product or Service Category. The top line shows the five different competition categories based on the number of offers received. The left hand of chart shows the sum total of contract obligations in each PSC in constant 2013 billions of dollars. Please note, the scale for each PSC is different, depending on the relative size of the PSCs compared to the other PSCs within the platform portfolio.

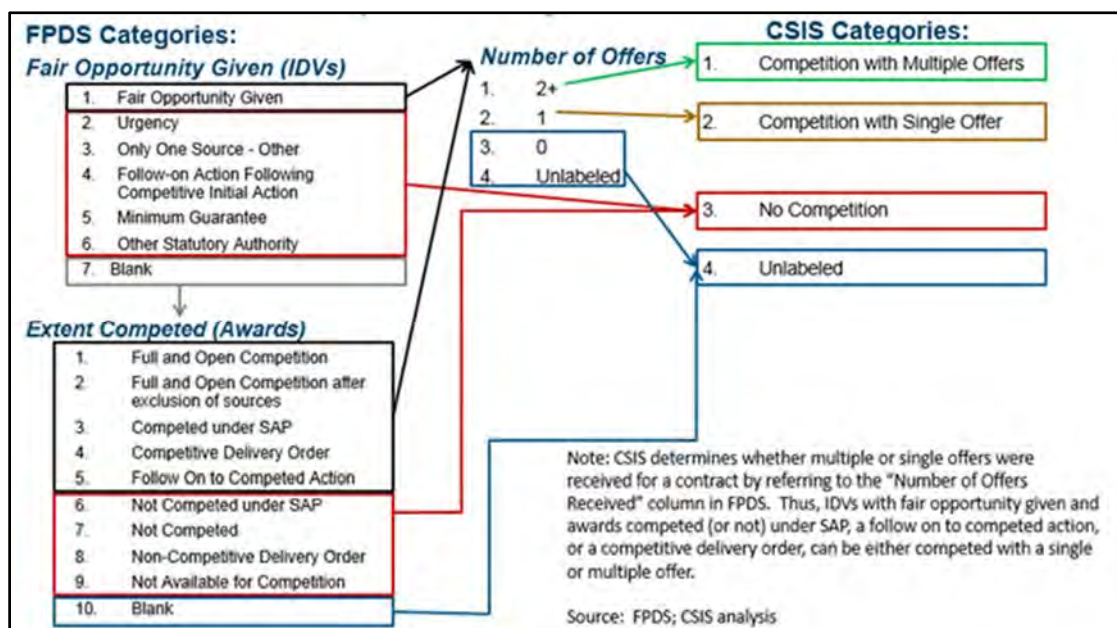
Methodology

The following methodology notes apply to the CSIS analysis that underlies all of the charts in the presentation except where noted. Comments and questions are welcome and can be directed to Rhys McCormick at rmccormick@csis.org.

- The Federal Procurement Data System (FPDS) was the primary source for this report.
- Federal regulations only require that all unclassified prime contracts worth \$2,500 and above be reported to FPDS.
- FPDS data are constantly being updated, including those for back years. As a consequence, the dollar totals for a given year can vary between reports.
- Contract classifications sometimes differ between FPDS and individual companies, resulting in some contracts that a company considers as services being labeled as products by FPDS and vice versa.
- OCO and supplementals are not separately classified in FPDS.
- All dollar figures are in constant 2013 dollars.

- A full explanation of the methodology used in this analysis, along with charts and data tables from the study team's FY2012 report, are available online at <http://www.csis.org/NSPIR/DoD>
- The 10 platform portfolios were created by the CSIS study team using two variables:
 - First, contract obligations were classified using DoD Claimant Program Code, which is explicitly platform-focused.
 - Second, in those cases where the DoD Claimant Program Code was missing or not platform specific (e.g., Services or Subsistence) obligations were classified using the Product or Services Code.
- Each platform portfolio contains the records of all contracts that fall within that specific platform portfolio
 - For example, within the Aircraft platform portfolio you find contracts with the following service categories:
 - Equipment Related Services
 - Products
 - Professional and Management Support

Appendix: CSIS Competition Taxonomy



About CSIS

At a time of new global opportunities and challenges, the Center for Strategic and International Studies (CSIS) provides strategic insights and policy solutions to decision makers in government, international institutions, the private sector, and civil society. A bipartisan, nonprofit organization headquartered in Washington, DC, CSIS conducts research and analysis and develops policy initiatives that look into the future and anticipate change.



Founded by David M. Abshire and Admiral Arleigh Burke at the height of the Cold War, CSIS was dedicated to finding ways for America to sustain its prominence and prosperity as a force for good in the world.

Since 1962, CSIS has grown to become one of the world's preeminent international policy institutions, with more than 220 full-time staff and a large network of affiliated scholars focused on defense and security, regional stability, and transnational challenges ranging from energy and climate to global development and economic integration.

Former U.S. senator Sam Nunn became chairman of the CSIS Board of Trustees in 1999, and John J. Hamre has led CSIS as its president and chief executive officer since April 2000.

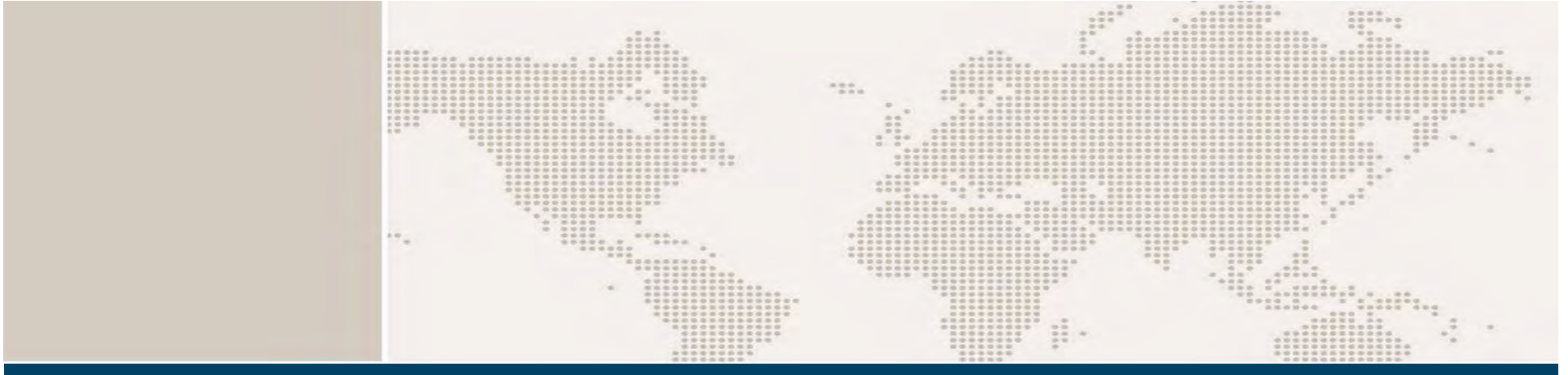
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Defense Contracting Trends by Platform Portfolio

Presenters: David Berteau & Gregory Sanders

Co-Authors: Rhys McCormick

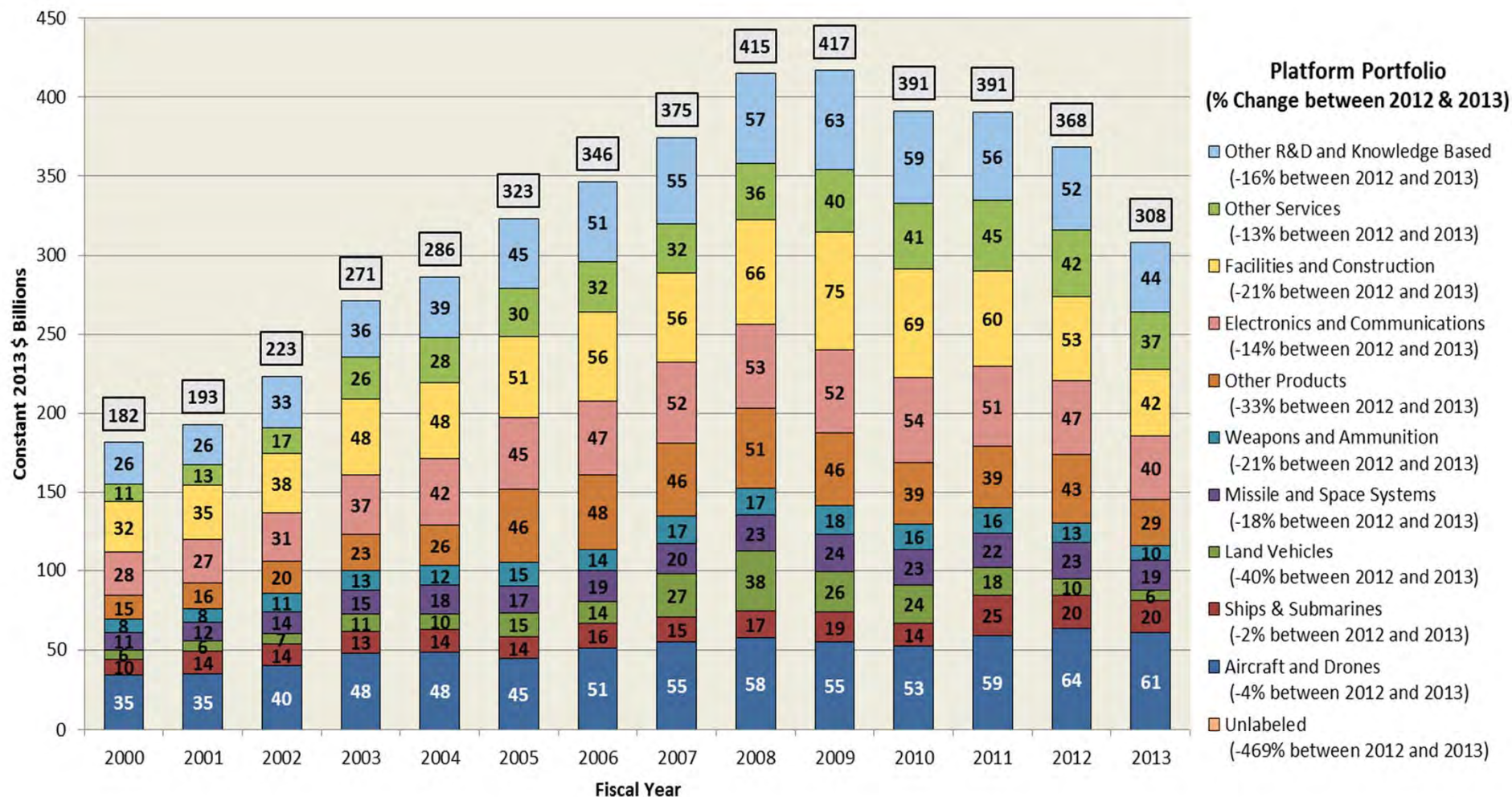
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Defense Contract Obligations by Platform, 2000-2013



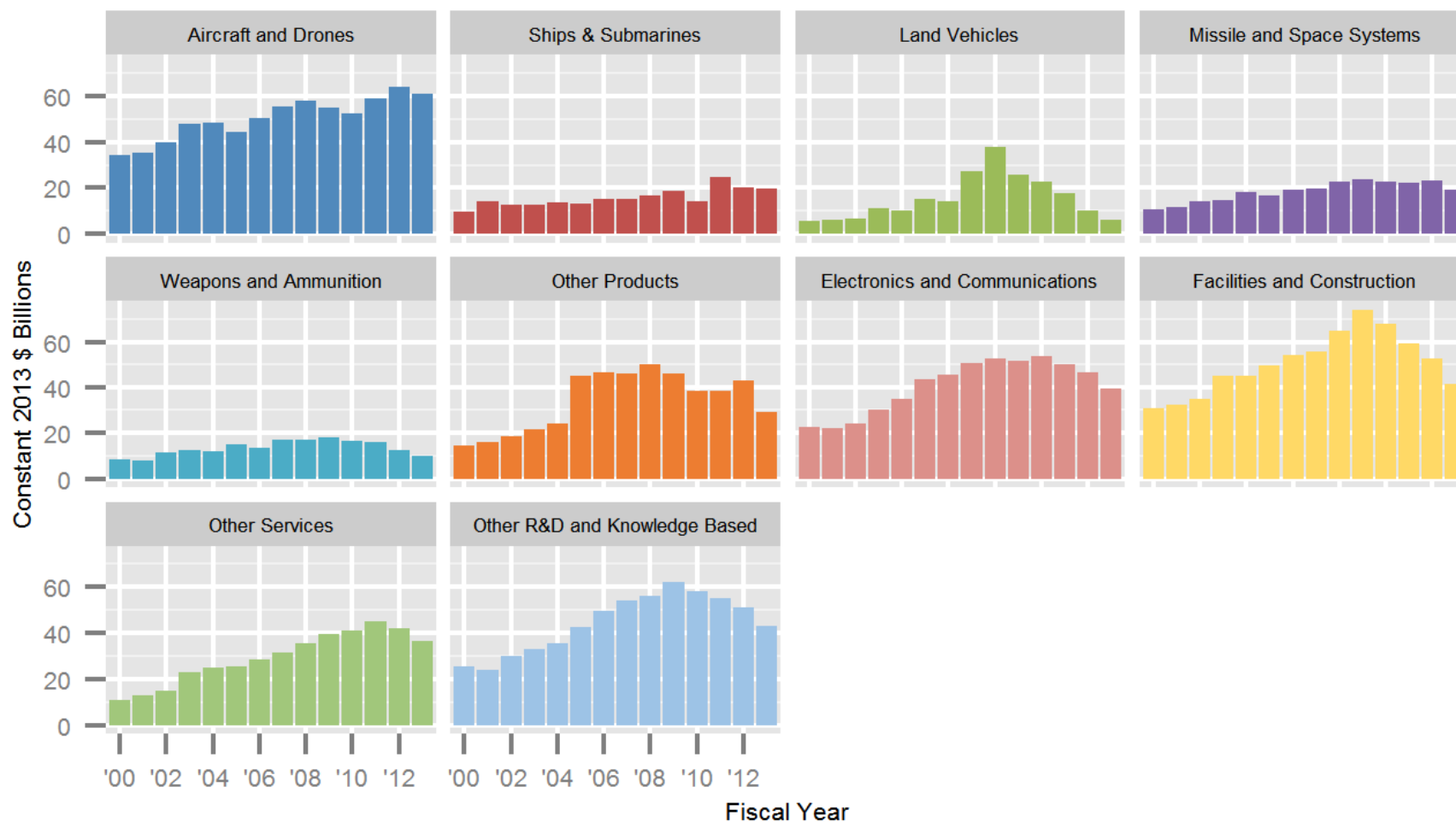
Methodology

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- Contract classifications sometimes differ between FPDS and individual companies, resulting in some contracts that a company considers as services being labeled as products by FPDS and vice versa.
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- All dollar figures are in constant 2013 dollars

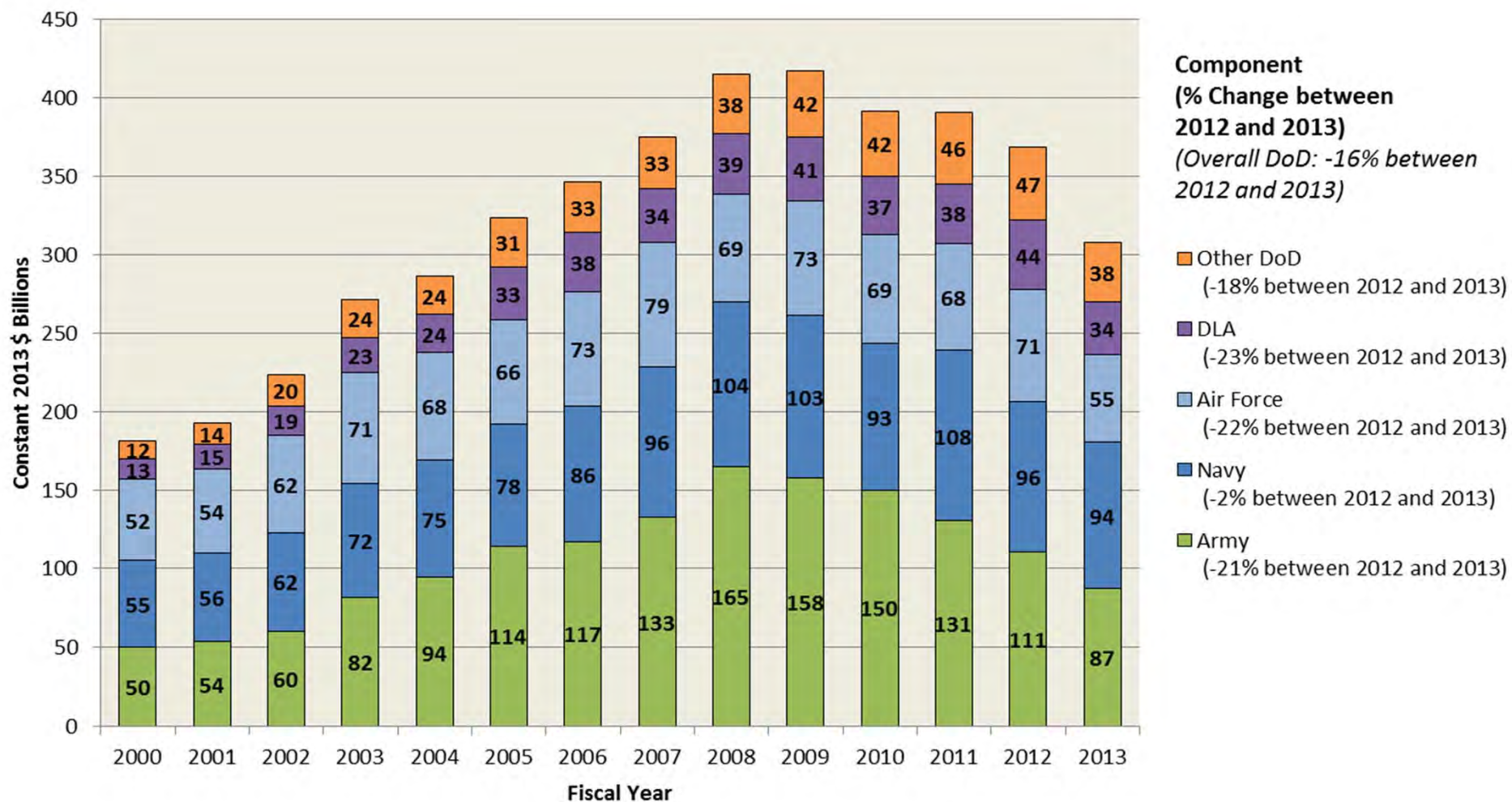
Methodology (Continued)

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 - Second, in those cases where the DoD Claimant Program was missing or not platform specific (e.g. Services or Subsistence) obligations were classified using Product or Services Code
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 - For example, within the Aircraft platform portfolio you find contracts with the following service categories:
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 - Products
 - Professional and Management Support

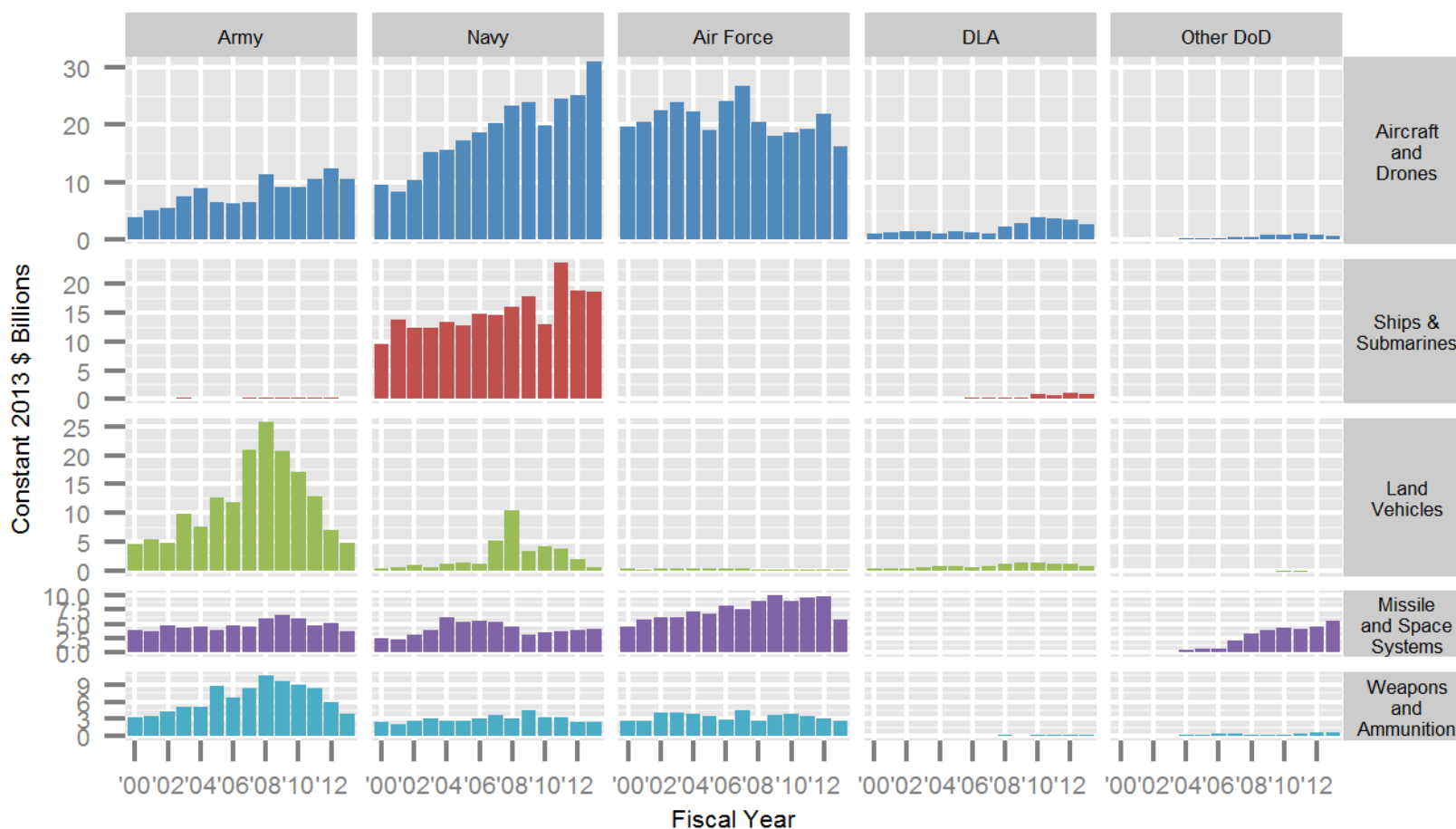
Defense Contract Obligations by Platform, 2000-2013



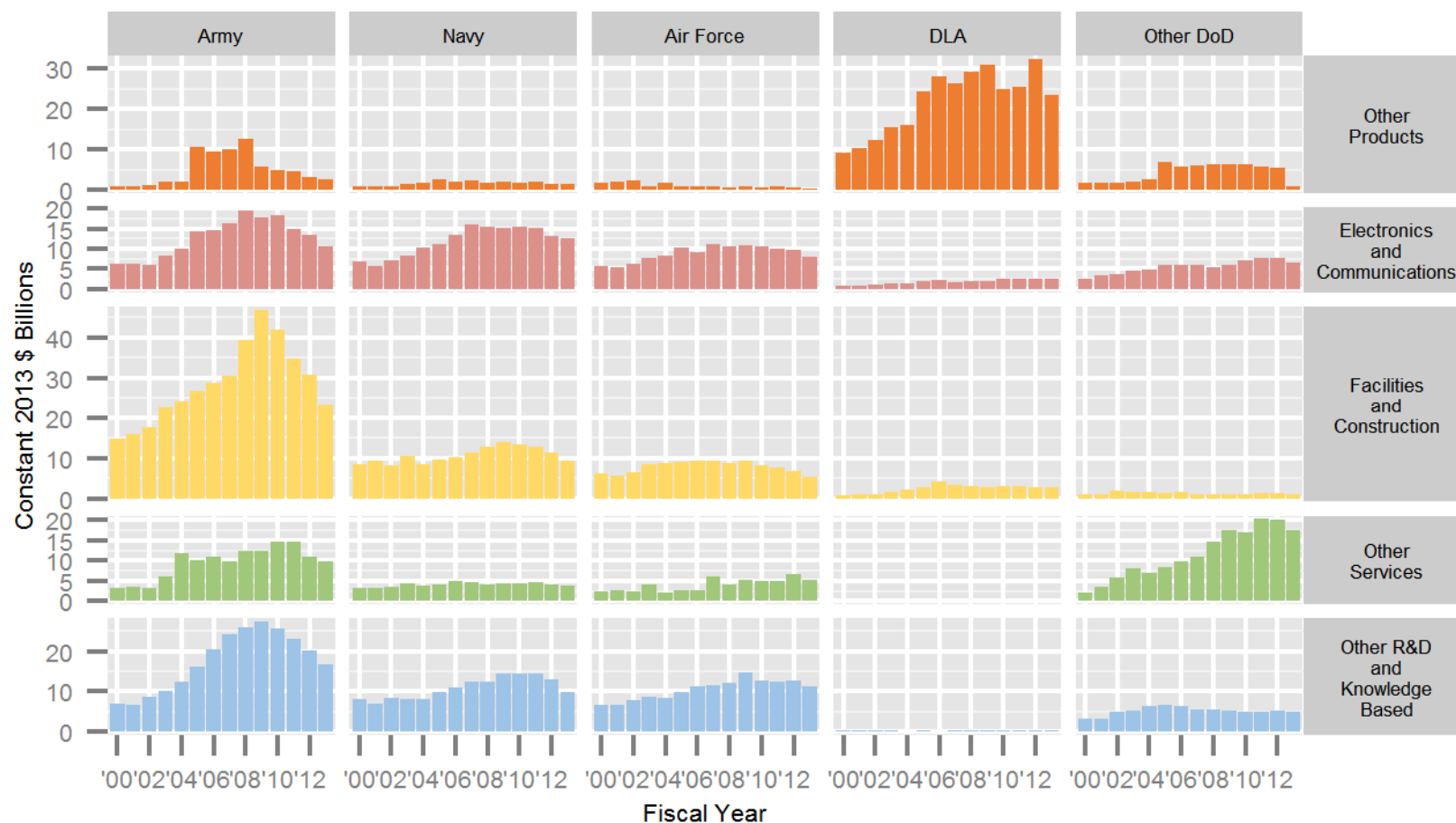
Defense Contract Obligations by Component, 2000-2013



Defense Contract Obligations by Component and Platform, Weapon Systems 2000-2013



Defense Contract Obligations by Component and Platform, Other Categories, 2000-2013



FPDS vs. CSIS Competition Categories Flow Chart

FPDS Categories:

Fair Opportunity Given (IDVs)

1. Fair Opportunity Given
2. Urgency
3. Only One Source - Other
4. Follow-on Action Following Competitive Initial Action
5. Minimum Guarantee
6. Other Statutory Authority
7. Blank

Extent Competed (Awards)

1. Full and Open Competition
2. Full and Open Competition after exclusion of sources
3. Competed under SAP
4. Competitive Delivery Order
5. Follow On to Competed Action
6. Not Competed under SAP
7. Not Competed
8. Non-Competitive Delivery Order
9. Not Available for Competition
10. Blank

Number of Offers

1. 2+
2. 1
3. 0
4. Unlabeled

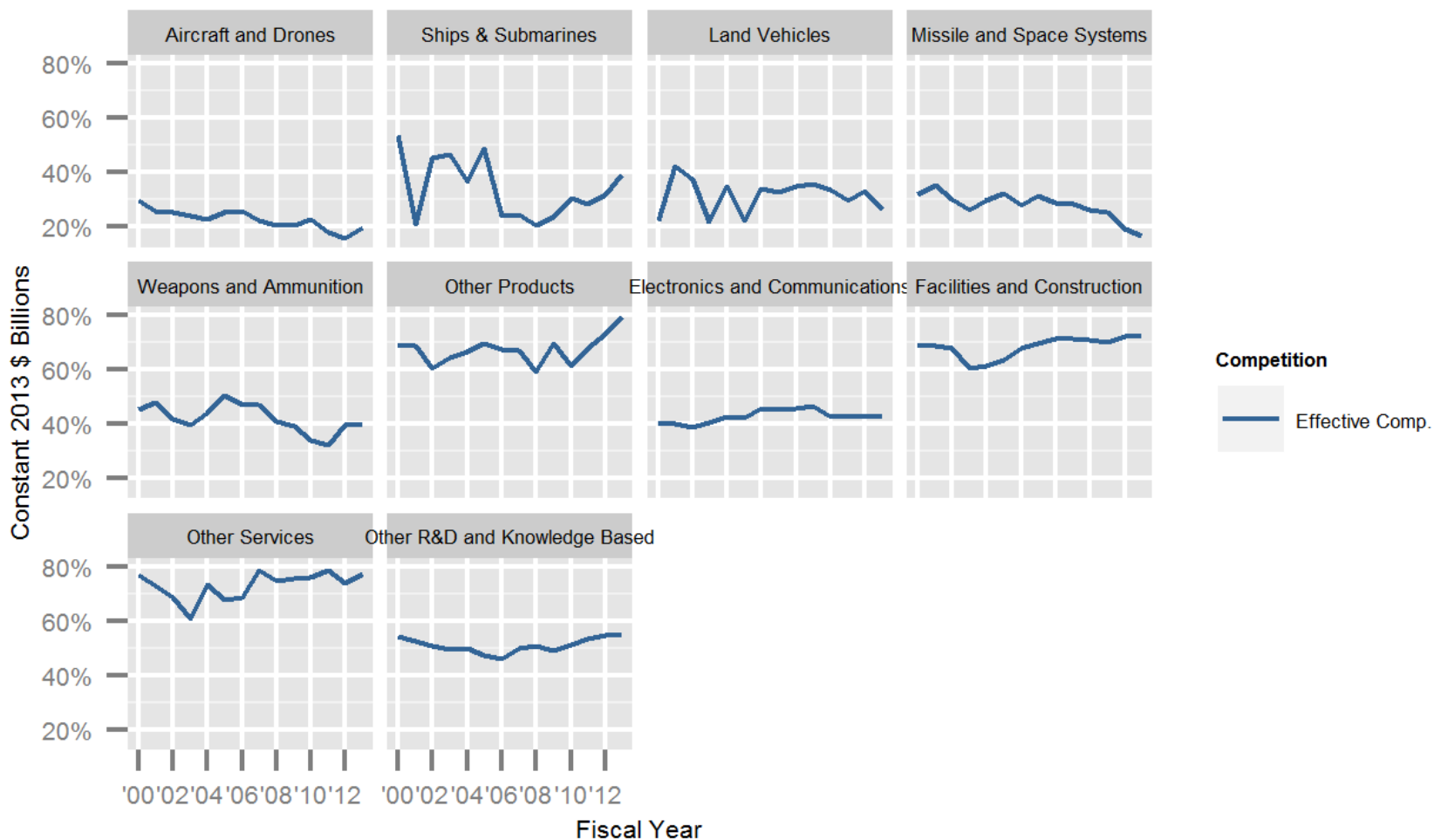
CSIS Categories:

1. Effective Competition
(3+ Offers and 2 Offer Competition)
2. 1 Offer Competition
3. No Competition
4. Unlabeled

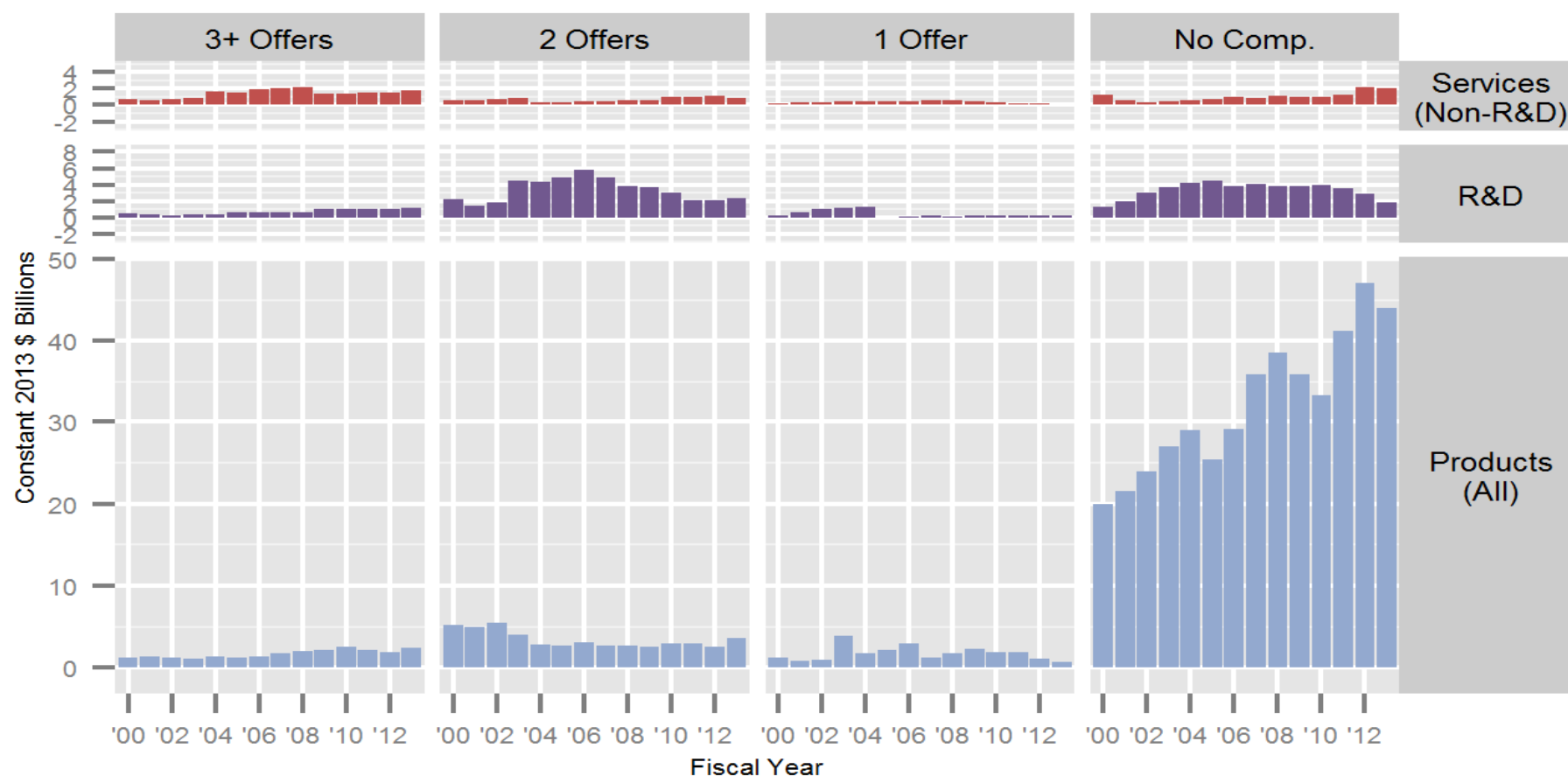
Note: CSIS determines whether multiple or single offers were received for a contract by referring to the "Number of Offers Received" column in FPDS. Thus, IDVs with fair opportunity given and awards competed (or not) under SAP, a follow on to competed action, or a competitive delivery order, can be either competed with a single or multiple offer.

Source: FPDS; CSIS analysis

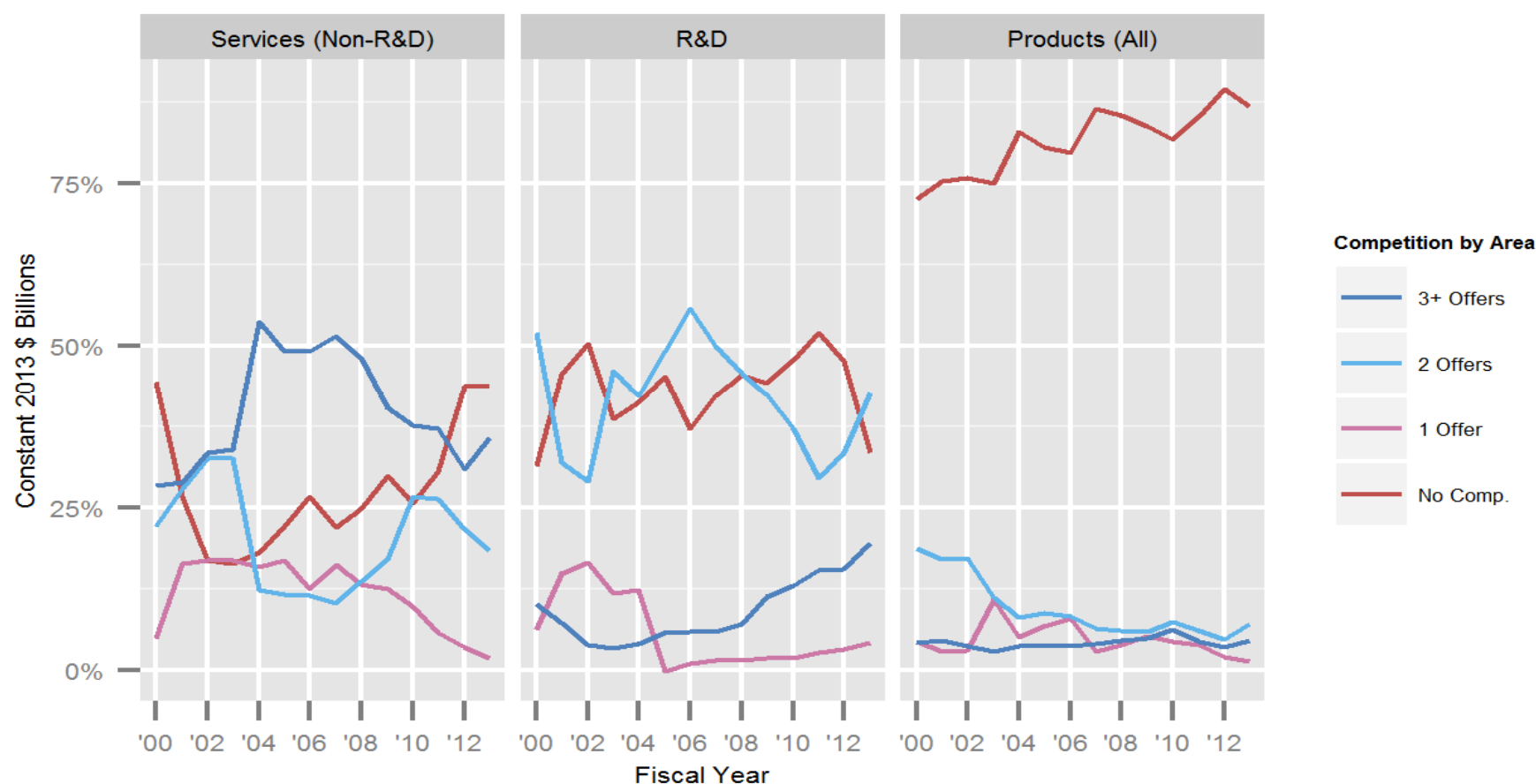
Effective Competition, by Platform Portfolio, 2000-2013



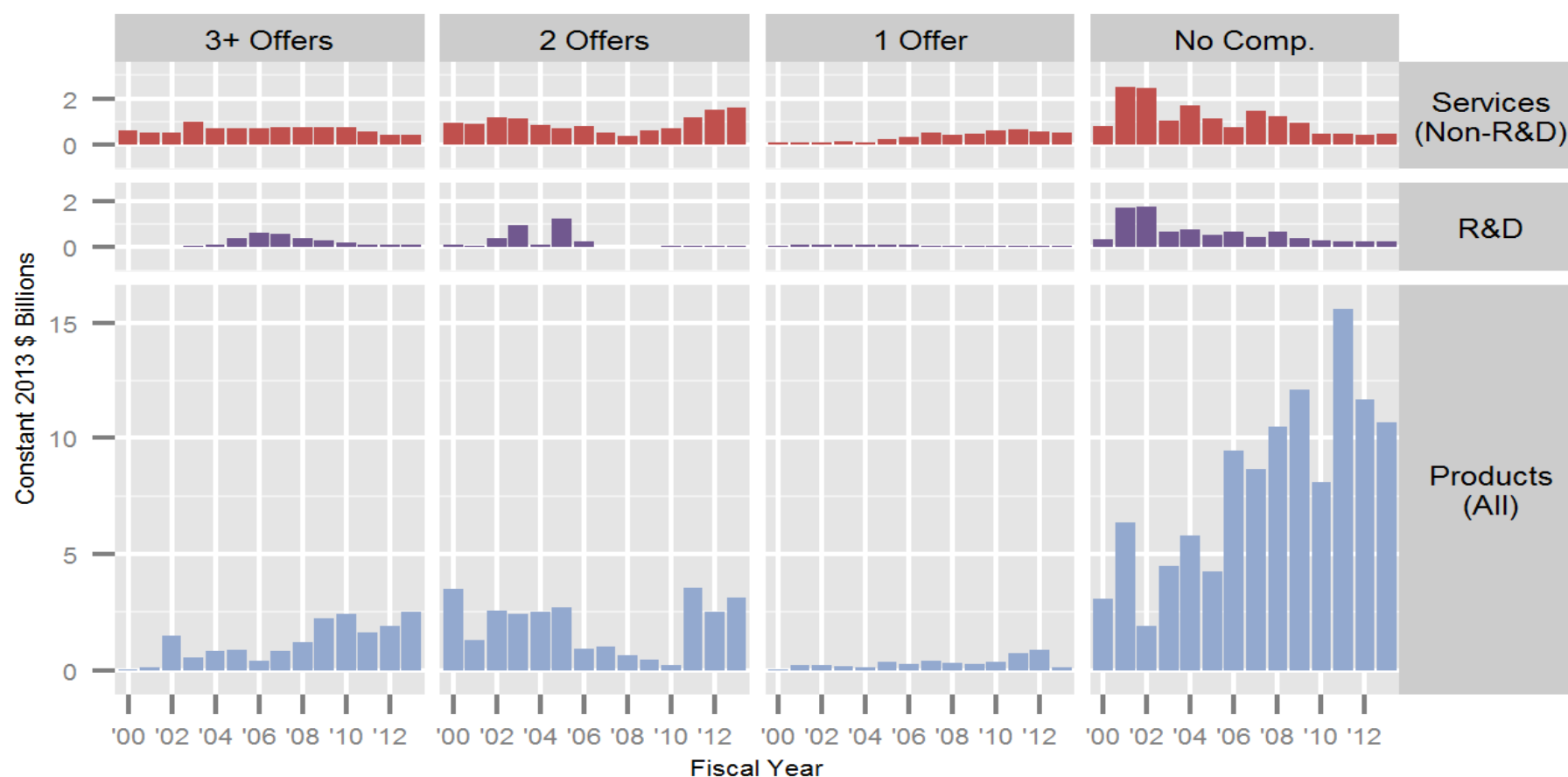
Aircraft and Drones Contract Obligations by Competition, by Product or Service Category, 2000-2013



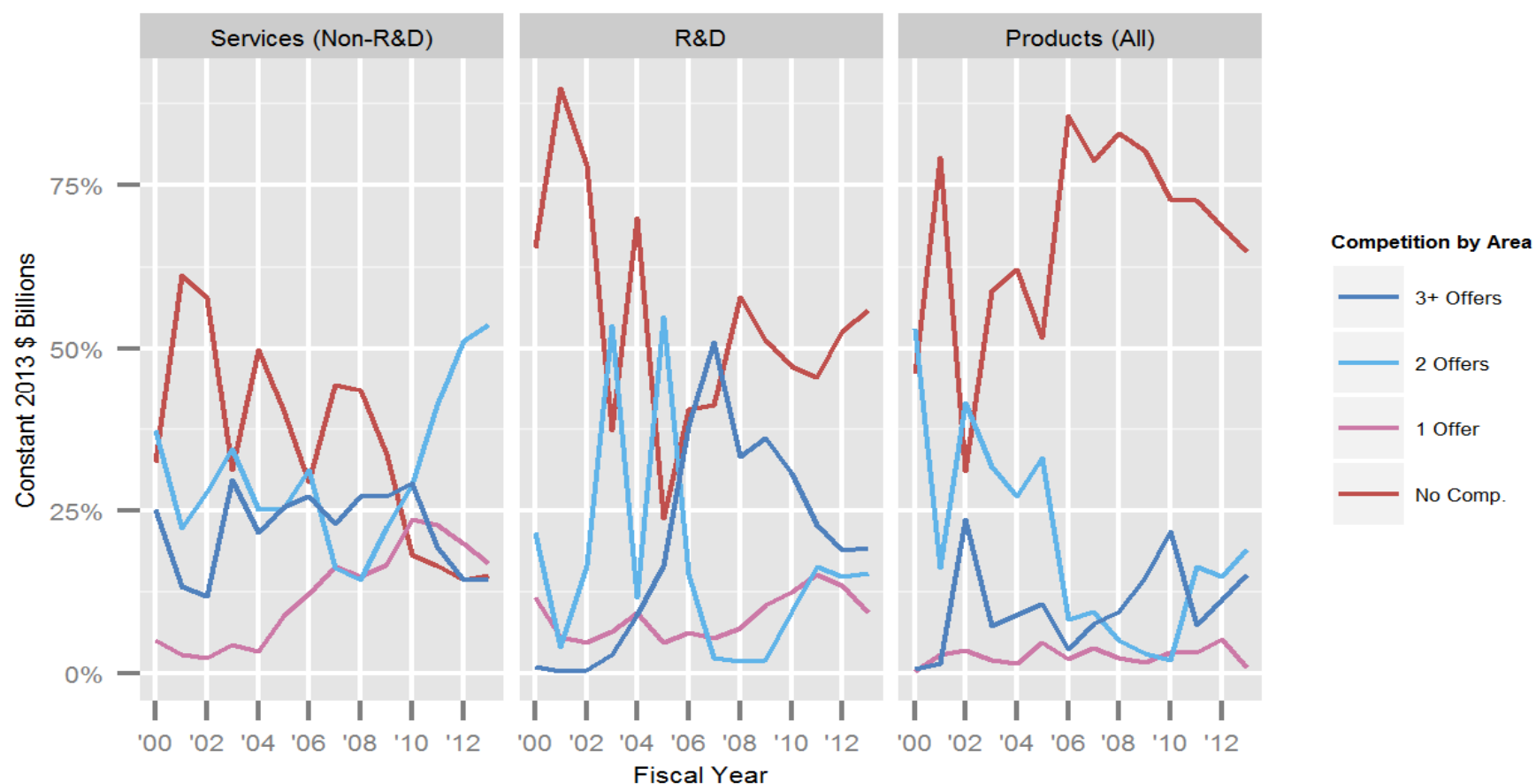
Aircraft and Drones Contract Obligations by Competition, by Product or Service Category, 2000-2013



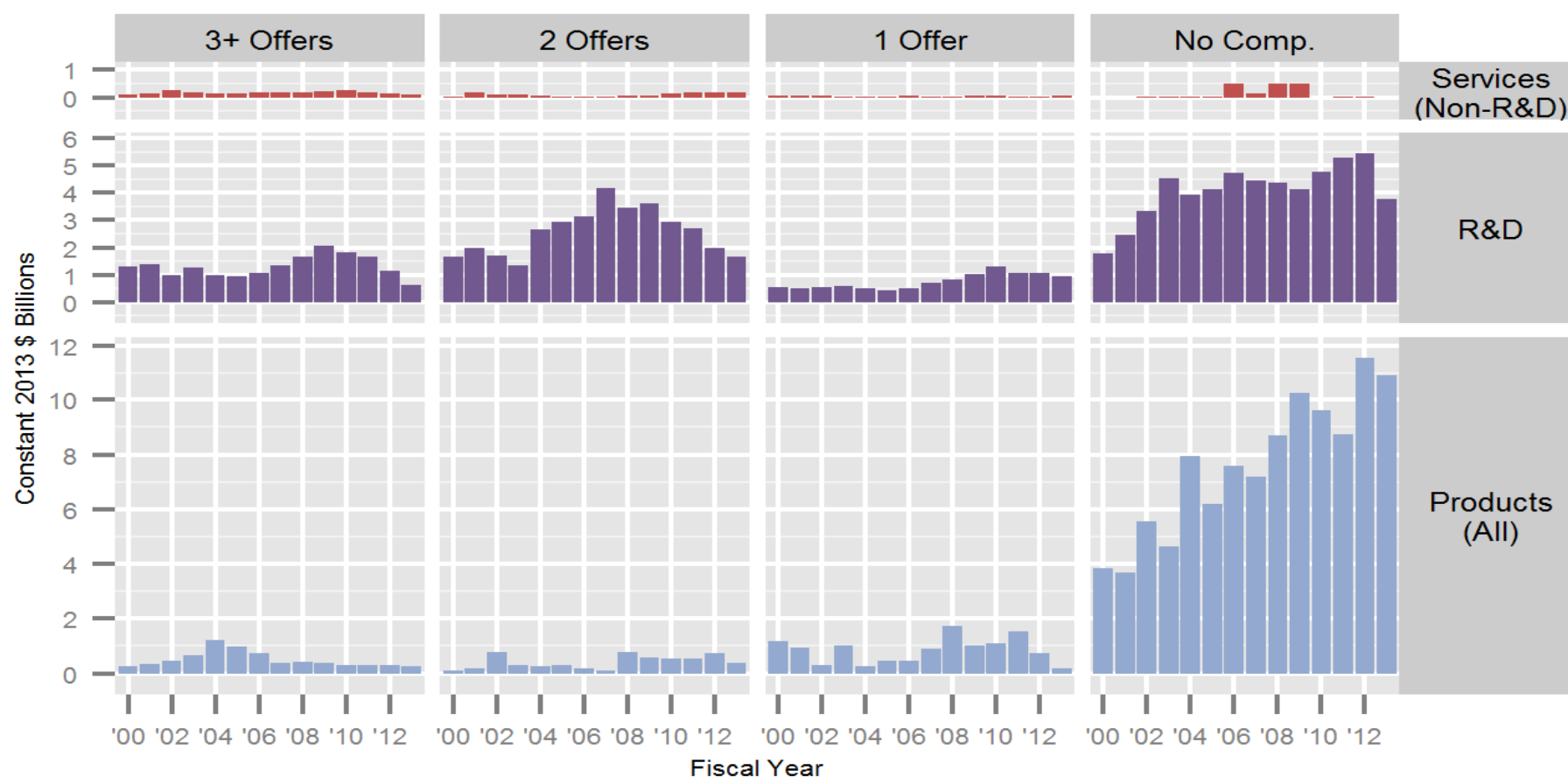
Ships and Submarines Contract Obligations by Competition, by Product or Service Category, 2000-2013



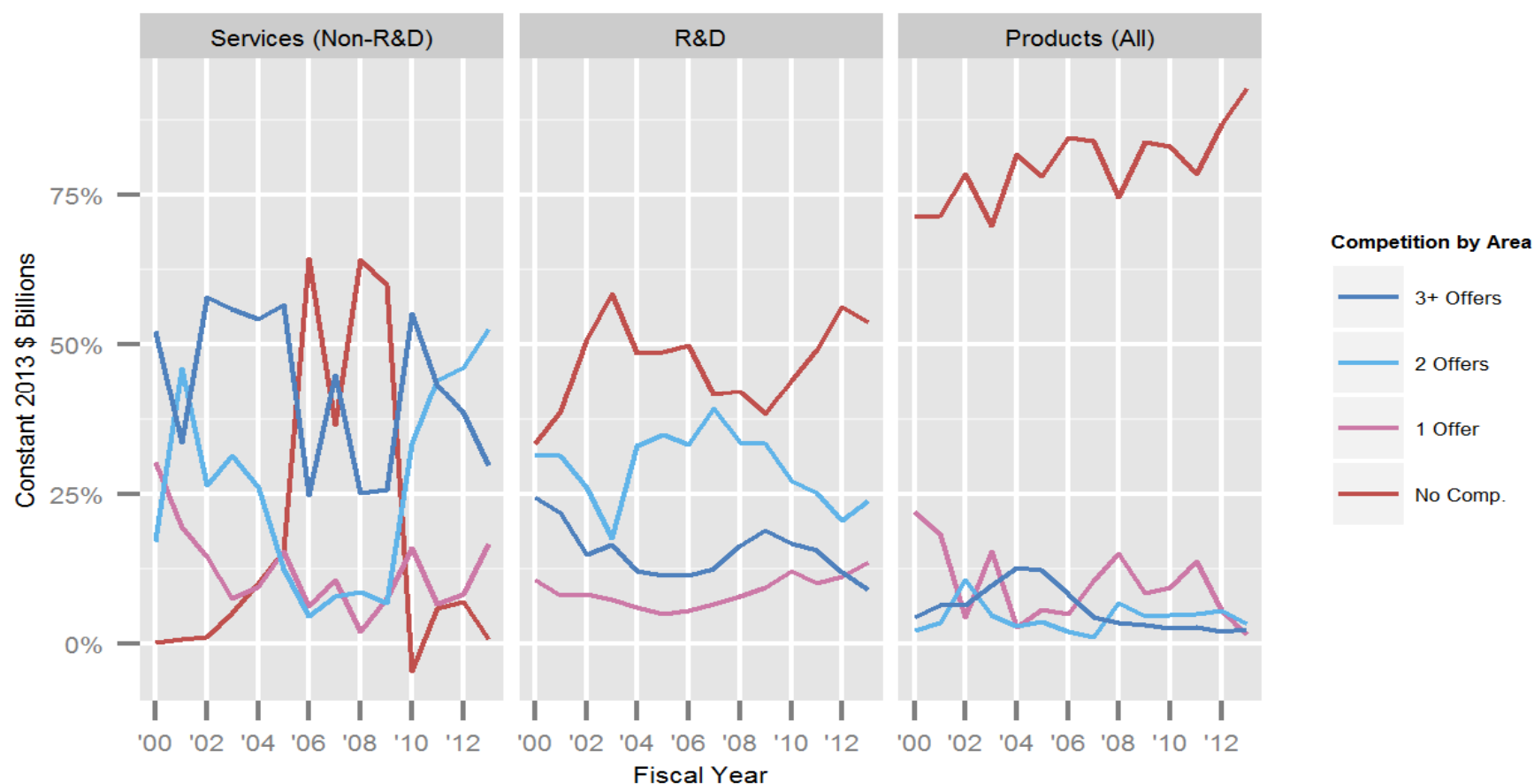
Ships and Submarines Contract Obligations by Competition, by Product or Service Category, 2000-2013



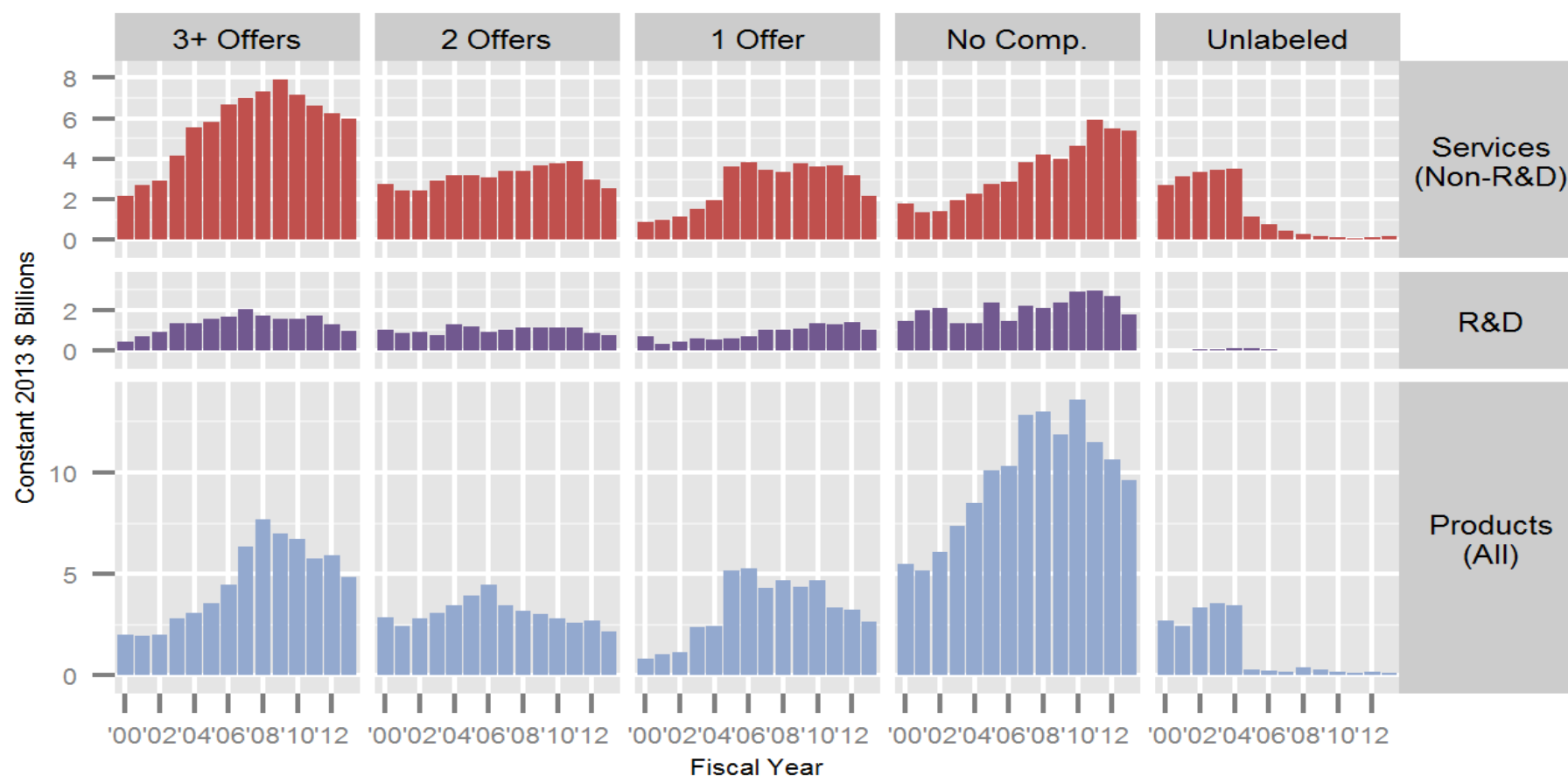
Missiles and Space Systems Contract Obligations by Competition, by Product or Service Category, 2000-2013



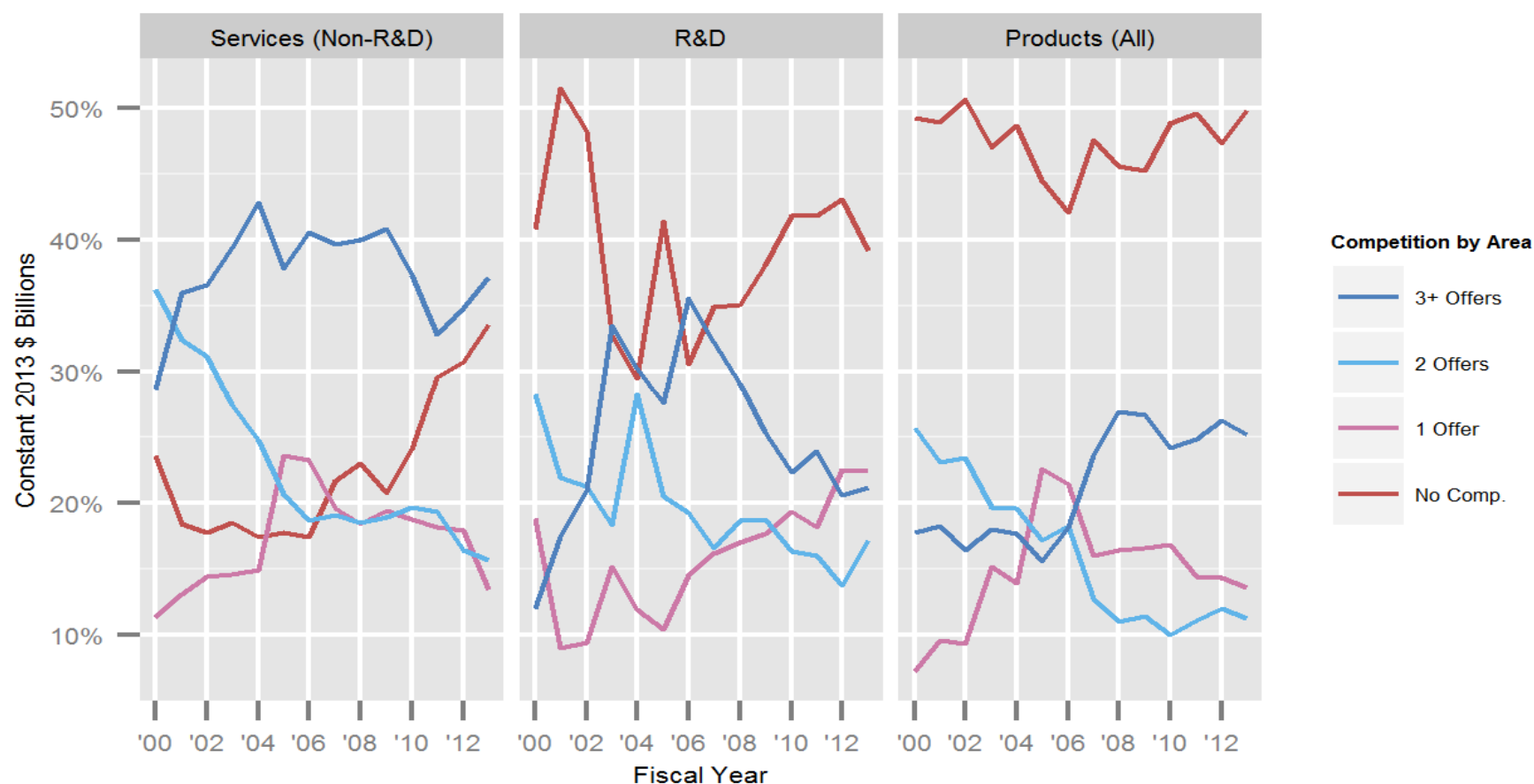
Missiles and Space Systems Contract Obligations by Competition, by Product or Service Category, 2000-2013



Electronics and Communications Contract Obligations by Competition, by Product or Service Category, 2000-2013



Electronics and Communications Contract Obligations by Competition, by Product or Service Category, 2000-2013



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At a time of new global opportunities and challenges, the Center for Strategic and International Studies (CSIS) provides strategic insights and policy solutions to decision makers in government, international institutions, the private sector, and civil society. A bipartisan, nonprofit organization headquartered in Washington, DC, CSIS conducts research and analysis and develops policy initiatives that look into the future and anticipate change.

Founded by David M. Abshire and Admiral Arleigh Burke at the height of the Cold War, CSIS was dedicated to finding ways for America to sustain its prominence and prosperity as a force for good in the world.

Since 1962, CSIS has grown to become one of the world's preeminent international policy institutions, with more than 220 full-time staff and a large network of affiliated scholars focused on defense and security, regional stability, and transnational challenges ranging from energy and climate to global development and economic integration.

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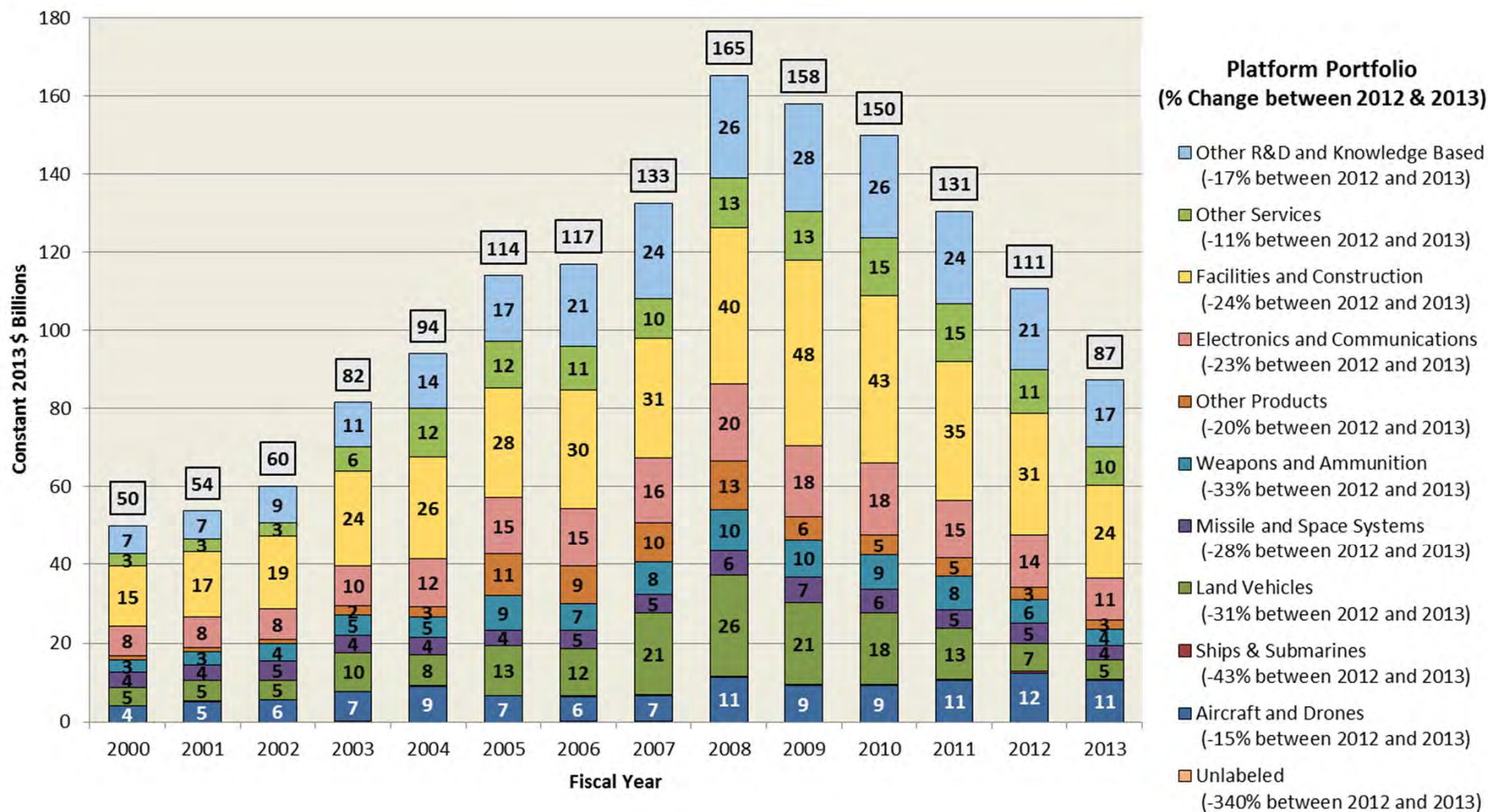
Thank You!

Further questions on the data, methodology, or research can be emailed to Gregory Sanders at gsanders@csis.org

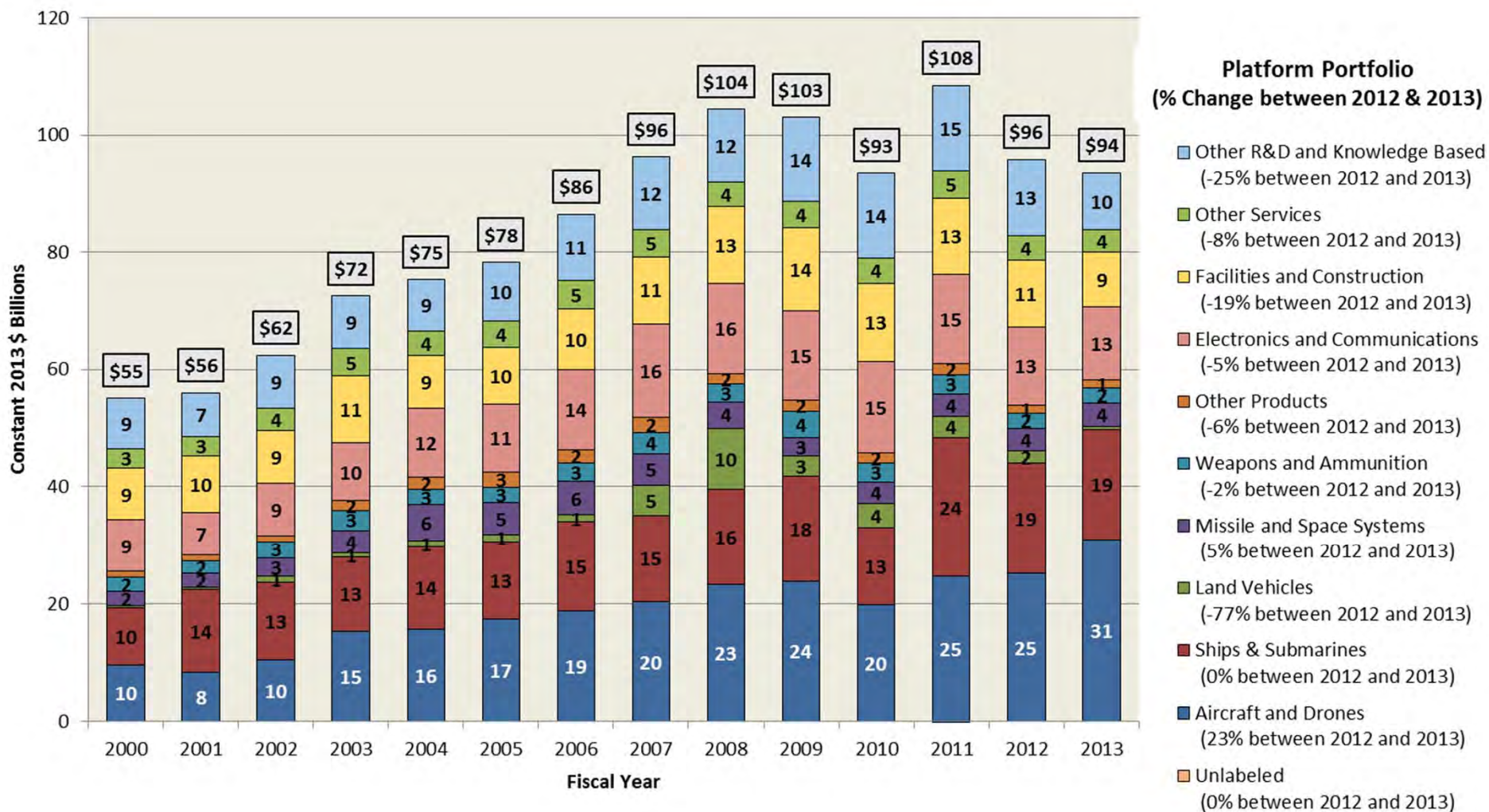
Full data tables for all charts, plus additional data breakdowns (by DoD Component and by Products/Services/R&D) are available online at <http://www.csis.org/NSPIR/DoD>

Appendix

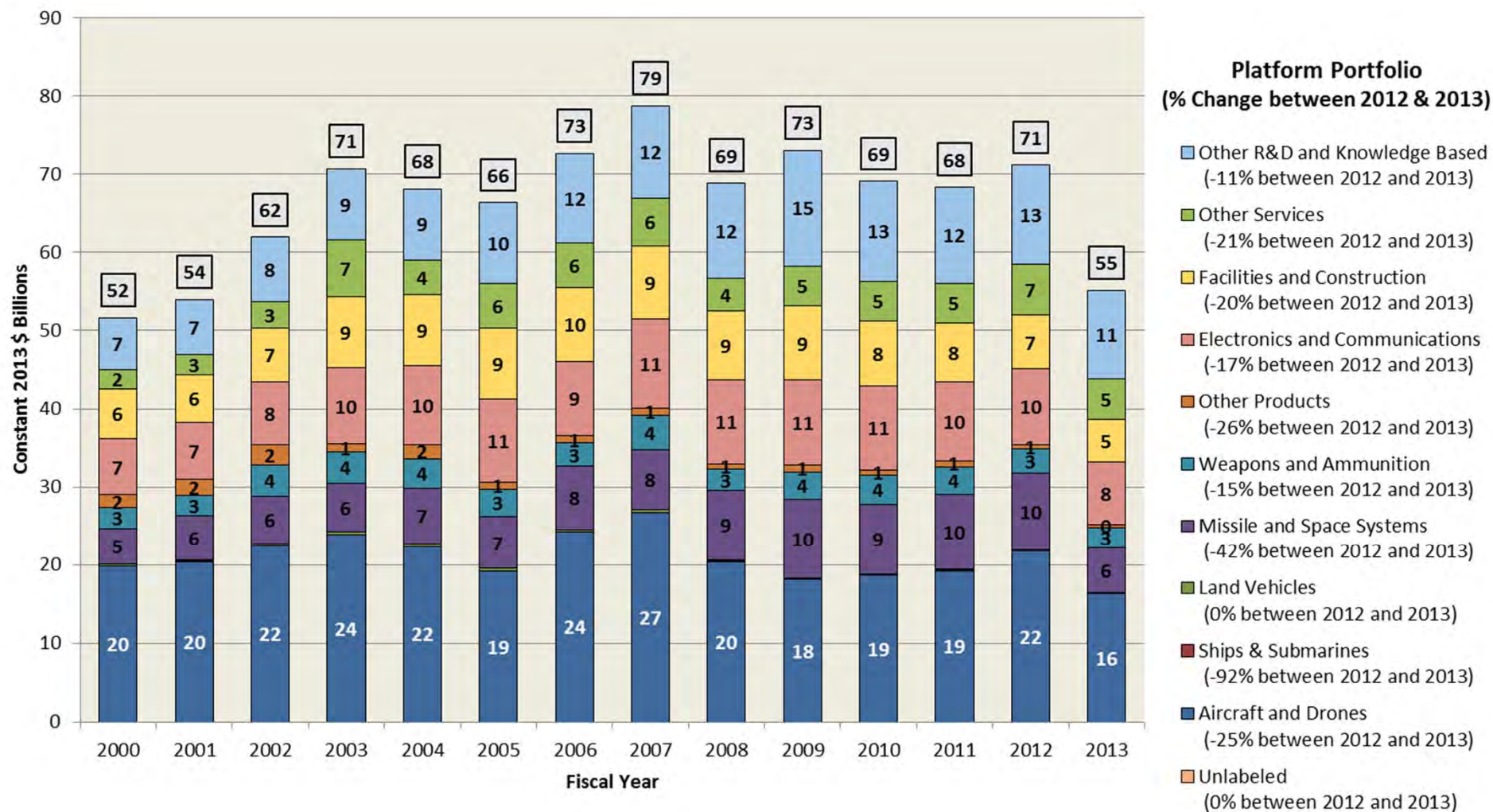
Army Contract Obligations by Platform Portfolio, 2000-2013



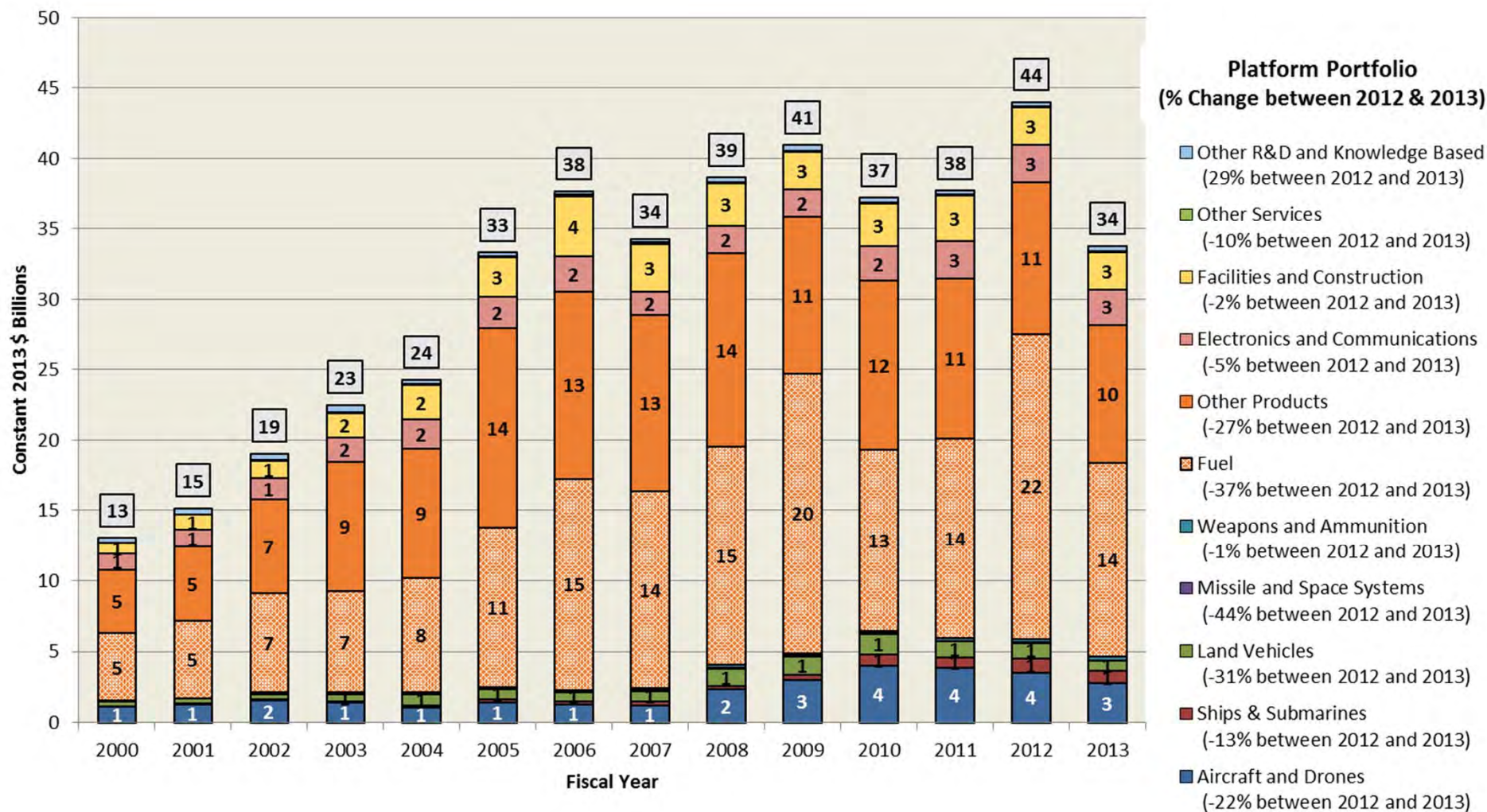
Navy Contract Obligations by Platform Portfolio, 2000-2013



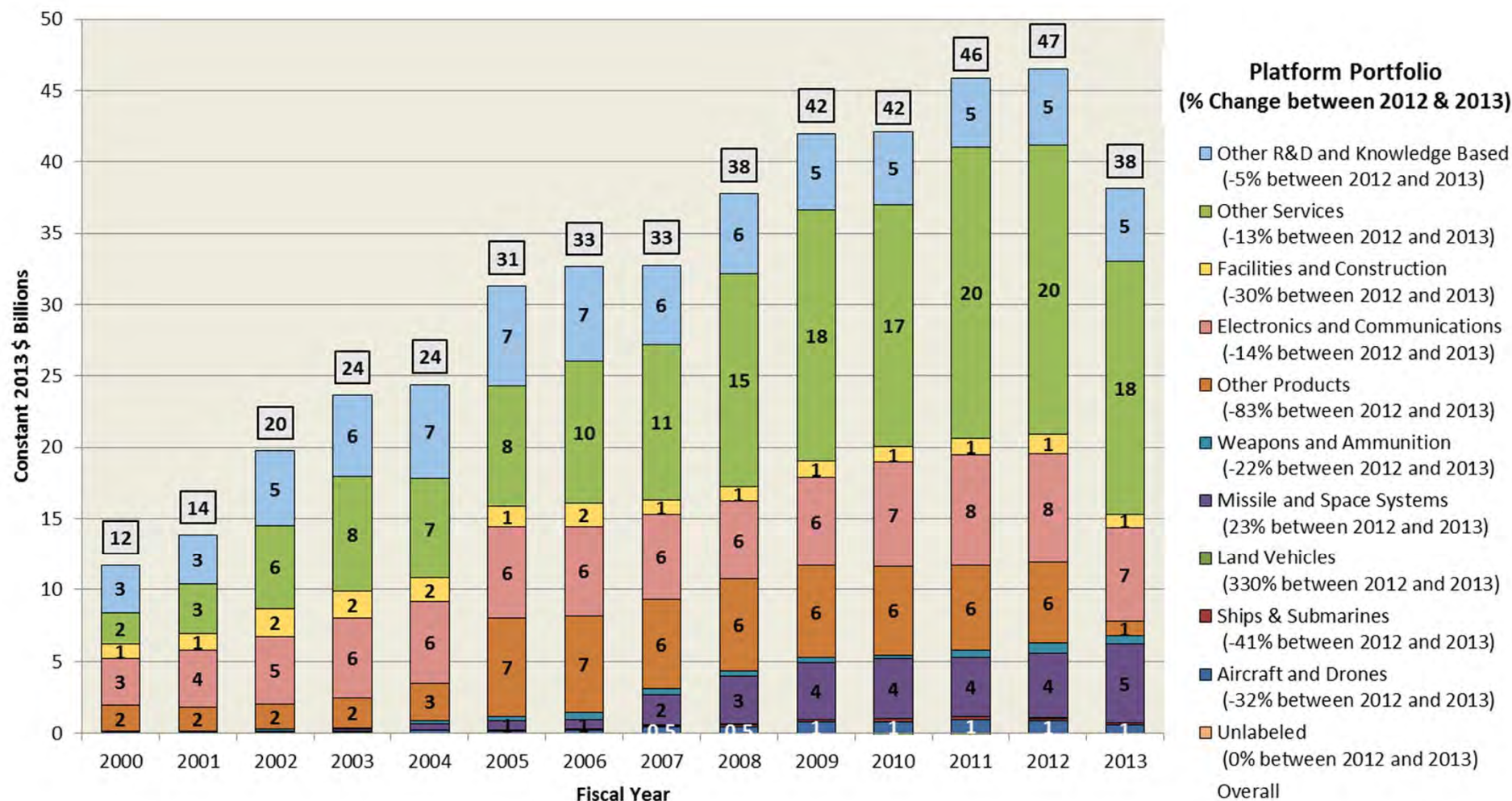
Air Force Contract Obligations by Platform Portfolio, 2000-2013



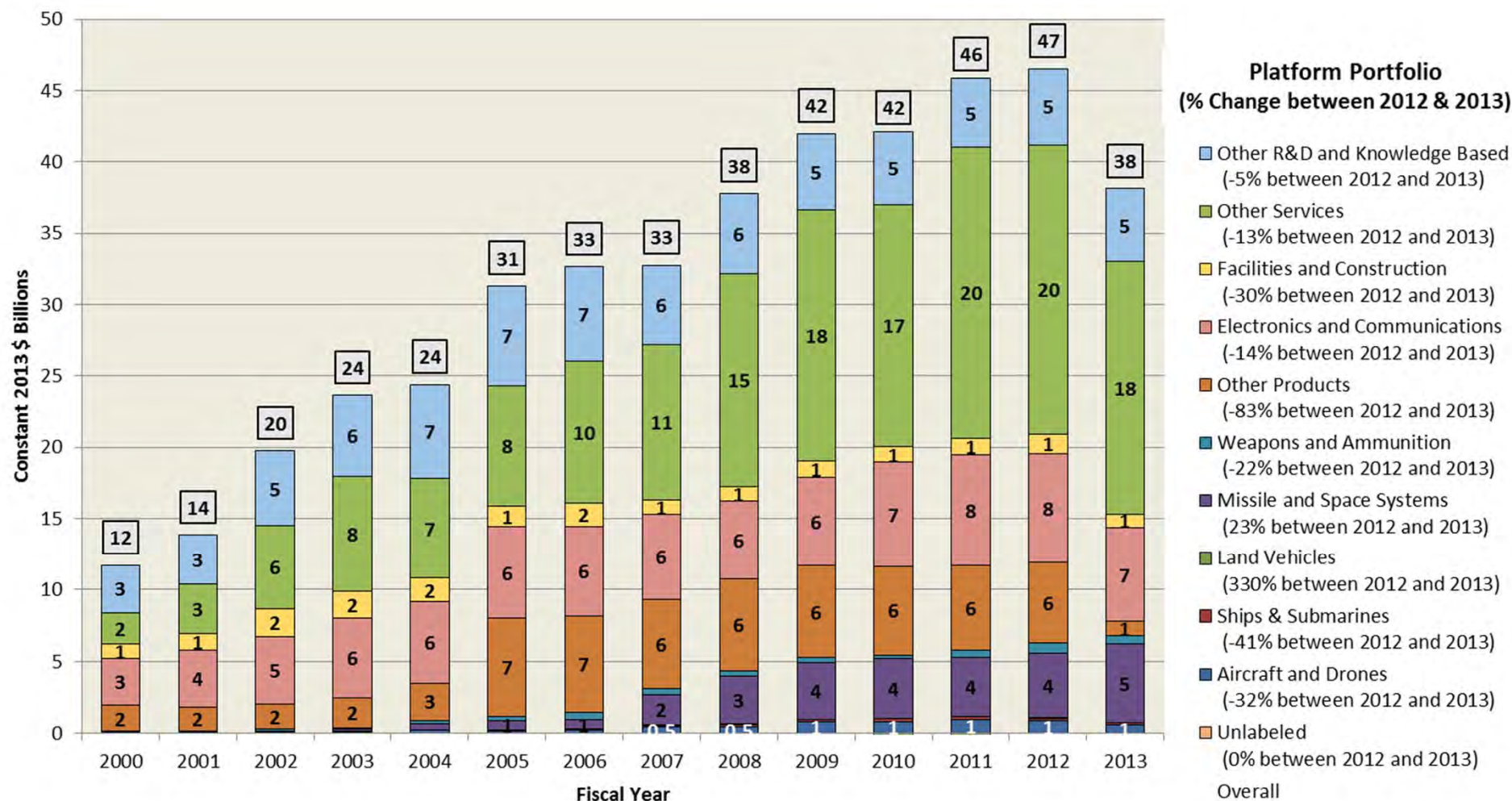
DLA Contract Obligations by Platform Portfolio, 2000-2013



Other DoD Contract Obligations by Platform Portfolio, 2000-2013



Other DoD Contract Obligations by Platform Portfolio, 2000-2013



DoD Contract Obligations In Context, 2000-2013

